

## DOCUMENT RESUME

ED 168 425

HE 011 130

**TITLE** Family Contribution Schedule for the Basic Educational Opportunity Grant Program, 1978. Hearing Before the Subcommittee on Education, Arts and Humanities of the Committee on Human Resources, United States Senate, Ninety-fifth Congress, Second Session on Examination on the Family Contribution Schedule for the Basic Educational Opportunity Grant Program for Use in Academic Year 1979-80. September 28, 1978.

**INSTITUTION** Congress of the U.S., Washington, D.C. Senate Committee on Human Resources.

**PUB DATE** 28 Sep 78

**NOTE** 92p.; Not available in hard copy due to marginal legibility of original document

**AVAILABLE FROM** Superintendent of Documents, U.S. Government Printing Office, Washington, DC

**EDRS PRICE** MF01 Plus Postage. PC Not Available from EDRS.

**DESCRIPTORS** Educational Finance; \*Eligibility; Family Income; \*Federal Aid; Federal Regulation; Financial Support; \*Grants; Higher Education; \*Parental Financial Contribution; Program Administration; \*Student Financial Aid

**IDENTIFIERS** \*Basic Educational Opportunity Grants; \*Family Contribution Schedule; National Assn Independent Colleges Universities; National Assn Student Financial Aid Administrators; Need Analysis (Student Financial Aid); Office of Education; Policy Statements

## ABSTRACT

This hearing before the U.S. Senate considered the proposed family contribution schedule for the Basic Educational Opportunity Grants Program. The schedule determines student eligibility for the Basic Grant program and establishes the degree of financial need for each Basic Grant applicant. After opening comments by Senator Pell, Leo Kornfeld, speaking for the U.S. Office of Education, briefly outlined the progress of the program during the five academic years it has been in operation and described the proposed changes in the family contribution schedule for the 1979-80 academic year. Statistical data and an excerpt from the "Federal Register" on the family contribution schedules are part of his presentation. Dallas Martin presented the positions of the National Association of Student Financial Aid Administrators on the proposed schedule. John Phillips of the National Association of Independent Colleges and Universities offered some general observations about the essential nature and purpose of these proposals. Additional information includes communications on the schedule and statistical data on student funds. (SW)

\*\*\*\*\*  
\* Reproductions supplied by EDRS are the best that can be made \*  
\* from the original document. \*  
\*\*\*\*\*

ED168425

115  
FAMILY CONTRIBUTION SCHEDULE FOR THE BASIC  
EDUCATIONAL OPPORTUNITY GRANT PROGRAM, 1978

---

HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
EDUCATION, ARTS AND HUMANITIES  
OF THE  
COMMITTEE ON HUMAN RESOURCES  
UNITED STATES SENATE  
NINETY-FIFTH CONGRESS

SECOND SESSION

ON

EXAMINATION OF THE FAMILY CONTRIBUTION SCHEDULE  
FOR THE BASIC EDUCATIONAL OPPORTUNITY GRANT PRO-  
GRAM FOR USE IN ACADEMIC YEAR 1979-80

SEPTEMBER 28, 1978

U.S. DEPARTMENT OF HEALTH,  
EDUCATION & WELFARE  
NATIONAL INSTITUTE OF  
EDUCATION

THIS DOCUMENT HAS BEEN REPRO-  
DUCED EXACTLY AS RECEIVED FROM  
THE PERSON OR ORGANIZATION ORIGIN-  
ATING IT. POINTS OF VIEW OR OPINIONS  
STATED DO NOT NECESSARILY REPRESENT  
OFFICIAL NATIONAL INSTITUTE OF  
EDUCATION POSITION OR POLICY



1101130  
Printed for the use of the Committee on Human Resources

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1978

36-088 O

## COMMITTEE ON HUMAN RESOURCES

HARRISON A. WILLIAMS, Jr., New Jersey, *Chairman*

|                                  |                                    |
|----------------------------------|------------------------------------|
| JENNINGS RANDOLPH, West Virginia | JACOB K. JAVITS, New York          |
| CLAIBORNE PELL, Rhode Island     | RICHARD S. SCHWEIKER, Pennsylvania |
| EDWARD M. KENNEDY, Massachusetts | ROBERT T. STAFFORD, Vermont        |
| GAYLORD NELSON, Wisconsin        | ORRIN G. HATCH, Utah               |
| THOMAS F. EAGLETON, Missouri     | JOHN H. CHAFEE, Rhode Island       |
| ALAN CRANSTON, California        | S. I. HAYAKAWA, California         |
| WILLIAM D. HATHAWAY, Maine       |                                    |
| DONALD W. RIEGLE, Jr., Michigan  |                                    |

STEPHEN J. PARADISE, *General Counsel and Staff Director*

MARJORIE M. WHITTAKER, *Chief Clerk*

DON A. ZIMMERMAN, *Minority Counsel*

GREGORY FUSCO, *Minority Staff Director*

## SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES

CLAIBORNE PELL, Rhode Island, *Chairman*

|                                       |                                    |
|---------------------------------------|------------------------------------|
| JENNINGS RANDOLPH, West Virginia      | ROBERT T. STAFFORD, Vermont        |
| EDWARD M. KENNEDY, Massachusetts      | RICHARD S. SCHWEIKER, Pennsylvania |
| THOMAS F. EAGLETON, Missouri          | S. I. HAYAKAWA, California         |
| HARRISON A. WILLIAMS, Jr., New Jersey | JACOB K. JAVITS, New York          |
| (ex officio)                          | (ex officio)                       |

JEAN S. FROHLICHER, *Counsel*

SVEN R. GROENNING, *Minority*

(II)

# CONTENTS

## STATEMENTS

THURSDAY, SEPT. 28, 1978

|                                                                                                                                                                                                                                                                                                                                                                   |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Kornfeld, Leo, Deputy Commissioner for Student Financial Assistance, U.S. Office of Education, Washington, D.C., accompanied by William Blakey, Deputy Assistant Secretary for Education Legislation, Department of Health, Education, and Welfare, and Peter Voigt, Acting Director for the Division of Policy and Program Development, U.S. Office of Education | Page<br>3 |
| Prepared statement                                                                                                                                                                                                                                                                                                                                                | 6         |
| Martin, Dallas, executive director, National Association of Student Financial Aid Administrators                                                                                                                                                                                                                                                                  | 41        |
| Phillips, John, president, National Association of Independent Colleges and Universities                                                                                                                                                                                                                                                                          | 45        |

## ADDITIONAL INFORMATION

### Communications to:

|                                                                                                                                                                                                                            |        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Boyer, Hon. Ernest L., Commissioner of Education, U.S. Office of Education, Department of Health, Education, and Welfare, from Hon. Jacob K. Javits, a U.S. Senator from the State of New York, September 28, 1978         | 50     |
| Fusco, Gregory, minority staff, Subcommittee on Education, Arts and Humanities, from Henry D. Paley, president, Commission on Independent Colleges and Universities, Albany, N.Y., September 21, 1978, and August 30, 1978 | 56, 84 |
| Javits, Hon. Jacob K., a U.S. Senator from the State of New York, from Henry D. Paley, president, Commission on Independent Colleges and Universities, Albany, N.Y., September 26, 1978 (with enclosure)                   | 52     |

### Selected tables:

|                                                                                                                                                     |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Comparison of percentage of total funding and percentage of total enrollment by size of student enrollment at independent institutions in the State | 76 |
| Ranking of average per FTE student funding by sector and by State, 1976-77                                                                          | 70 |
| Rank order of average per student funding received by public sector in 50 States, 1976-77                                                           | 58 |
| Rank order of average per student funding received by independent sectors in 50 States, 1976-77                                                     | 64 |

(III)

# **FAMILY CONTRIBUTION SCHEDULE FOR THE BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM, 1978**

**THURSDAY, SEPTEMBER 28, 1978**

**U.S. SENATE,  
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES  
OF THE COMMITTEE ON HUMAN RESOURCES,  
Washington, D.C.**

The subcommittee met at 2 p.m., in room 4232, Dirksen Senate Office Building, Senator Claiborne Pell (chairman of the subcommittee) presiding.

Present: Senator Pell.

Senator PELL. This hearing of the Subcommittee on Education, Arts and Humanities will come to order.

We are here today to consider the proposed family contribution schedule for the basic educational opportunity grants program. This schedule determines student eligibility for the basic grant program. It establishes the degree of financial need for each basic grant applicant. In effect, it determines how much money a family ought to contribute to their child's college education.

In our hearing today, we will have witnesses from the administration explaining how they arrived at this proposed schedule, and why they did so. We will also hear witnesses from the student financial aid community outlining that community's reaction to this proposed schedule.

But before we begin with these witnesses, I think a few things have to be said about this hearing. Hopefully, by doing this a framework will be provided for this hearing.

I think this hearing should be placed in the context of some developments that have taken place this past year that have placed higher education in a crisis situation. And I think those events can be summed up by the term "middle income crisis." What we have seen is that recently college has been placed beyond the financial reach of many, many middle income Americans. These Americans are in the impossible position of being too rich to receive college aid, but not rich enough to afford college without making terrible sacrifices.

This past spring, both the House and the Senate responded to this crisis by proposing major changes in already existing student aid programs to make these programs available to middle income families. Under both the House and the Senate bill, a family of four, with one child in college, and an annual income of \$25,000, would be eligible for a basic grant of \$250. Families with smaller incomes would be eligible for larger grants. To accomplish this, both bills would have provided that the assessment rate on discretionary income for the basic grants

program would be 10.5 percent, a change from the existing 20/30 percent rate. With this change, an additional 1.5 million middle income students would be eligible for basic grants.

I was hopeful that this hearing would have been almost unnecessary, for I thought that there was a good chance that Congress would have adopted these bills by this time. And since they were supported by President Carter, I thought they would be quickly signed into law once passed by Congress.

The Senate has passed its bill on August 16 of this year, about a month and a half ago. I hoped the House would follow the Senate lead and quickly pass their bill, but that has not happened. The House bill, although reported by the Education and Labor Committee, still reposes in the House Rules Committee awaiting a rule.

So it is necessary that this hearing be held today if only to point out that we are extremely dissatisfied with certain characteristics of the proposed schedule. At the outset, I should say that there are some very worthwhile changes contained in this schedule. The adjustment in the family size offsets is a much needed change, and will provide some assurance that this offset will reflect any increase in the cost of living. The increase in the asset reserve to \$25,000 will more accurately reflect the asset holdings of American families. The changes made in the criteria for defining independent students will provide a more equitable treatment of these students. These changes are good ones, and I congratulate the administration for these positive steps it has taken.

But the proposal before us concerning the assessment rate for discretionary income is very disappointing. The proposal is in the alternative. One alternative would go into effect if a tuition tax credit is not passed; the other alternative would retain the basic grant program at the existing level if the tax credit legislation were enacted. Both of these alternatives do not do justice to our Nation's middle income families.

The first alternative, the nontax credit one, totally ignores the legislation already passed by the Senate, and a major component of the House bill. The Senate legislation, and the House bill, set the assessment rate at 10.5 percent. This proposed alternative of the administration sets it at 12 percent. What this would do is not provide basic grant assistance to the family at the \$25,000 level. That family would not get a basic grant under this alternative. It would effectively cut off the basic grant program at \$23,000, providing that family with a grant of about \$200. What this alternative does is forget the middle income American, who was the individual we were trying to help with our legislation. I think this is an error. I can find no satisfactory reason for the administration to come up with a proposed assessment rate that ignores the assessment rate contained in legislation already passed by the Senate, and which is supported by President Carter. The only possible rationale for such an occurrence is that the administration is trying to save some money, a very worthy objective. However, I do not think money should be saved at the expense of middle income America.

The second alternative is even more puzzling to me. This would retain the existing basic grant assessment rate, which cuts the program off at \$13,000, if the tuition tax credit is enacted. Yet the President

has said he would veto tax credits. The administration opposes tax credits. So why present us with a contingency that most likely will never occur?

What this sort of thing does is raise questions of credibility with respect to the administration's support for aid to middle-income families. There have been many occasions over the past few months when that support has been questioned. I think the alternative assessment rates proposed today are one more evidence of this. If we want to help middle-income families, there is an easy way to do it. The Senate bill provides us with that way. I think we should support that method. Maybe one of the results of today's hearings, and any subsequent activities that may follow this hearing, will be a renewal of the administration's commitment to S. 2539 and a 10.5-percent assessment rate for the basic grant program.

Now, let us hear from our first group of witnesses today. This group is composed of Mr. Leo L. Kornfeld, Deputy Commissioner for Student Financial Assistance; Mr. Peter Voigt, Director of the Division of Basic and State Student Grants; and Mr. William A. Blakey, Deputy Assistant Secretary for Education Legislation.

Since we have several witnesses to testify and a roll call vote set for 4 o'clock, I urge you to be as brief as possible. Your full statements will be inserted in the record, and we would be very interested in any commentary you may have.

Thank you.

**STATEMENT OF LEO KORNFELD, DEPUTY COMMISSIONER FOR STUDENT FINANCIAL ASSISTANCE, U.S. OFFICE OF EDUCATION, WASHINGTON, D.C., ACCOMPANIED BY WILLIAM BLAKEY, DEPUTY ASSISTANT SECRETARY FOR EDUCATION LEGISLATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; AND PETER VOIGT, ACTING DIRECTOR FOR THE DIVISION OF POLICY AND PROGRAM DEVELOPMENT, U.S. OFFICE OF EDUCATION**

Mr. KORNFELD. As you mentioned, we do have written testimony, which we will submit for the record. I would just like to speak a few minutes and summarize what is in that written testimony.

Senator PELL. The statement will appear in full in the record. Thank you.

Mr. KORNFELD. As you know so well, since you are the founder of this program, that this program aided 185,000 students, when it started, and today we are talking about a program that is supporting over 2 million students with over \$2 billion.

We are recommending seven changes in the family contribution schedule for your consideration. Two of them may be considered technical and five reflect the administration's response to two major areas of concern. One is the middle-income concern, as you expressed it, and the other is an effort to provide greater equity to the independent student.

The technical changes you already mentioned that you support, basically on the family size offset, on the definition of a parent and those we are happy to hear that you support.

Senator PELL. Could you speak louder? I am having trouble hearing you. Pull up to the mike.

Mr. KORNFIELD. The other five changes that we are suggesting in the family contribution schedule are the following:

First, as you know, we have submitted, as you mentioned, two alternatives. One is the 20/30-percent assessment rate and the other is the flat 12-percent assessment rate. The only reason that we recommended the 20/30-percent assessment rate is in the case the tuition tax credit bill in fact passed, and for some reason could not get vetoed. We feel very strongly that the administration does not want to go to the 20/30-percent assessment rate and does want to lower the assessment so that the higher income family can in fact be supported.

Senator PELL. Is it not the intent of the President to veto the tax credit?

Mr. KORNFIELD. Yes; it is his intention, absolutely.

The other change that we have in the program is the one you also mentioned, changing the asset reserve from \$17,000 to \$25,000. That is also in the family contribution schedule.

Let me just mention, because of the major difference between the 12 percent we proposed and the 10.5 percent included in the College Opportunity Act. That difference centers around the treatment of the independent student. Let me take a few minutes to discuss the problem with the independent student.

It is our conclusion that the independent student has been mistreated in this program and also has to be considered when we talk about the middle income problem in this country.

Let me cite a few statistics. Something on the order of magnitude of 60 percent of all of the students who are classified as independent students in the basic grant program have family size of more than one. That is, it is either a divorced woman with a child or some other attendant category.

Furthermore, something on the order of magnitude of 80 percent of all the students classified as independent students are students of the age of 21 or over. Now, the way the program is now organized, those students, particularly the independent student with a dependent, which is becoming a much more common problem, just are ineligible for a grant as the formula is now put together.

Senator PELL. Go slowly there. What do you mean, the student who is independent is ineligible.

Mr. KORNFIELD. Let me break them into two categories, Mr. Chairman. Take the independent student with a dependent, the divorced woman, who decides to go back to school, as an example. The way the formula is now written, because of the way the assets are treated, for that particular person, that woman would become ineligible because her assets, if she is left a home in the settlement, her assets are taxed at a rate which makes her ineligible.

What we are suggesting in the family contribution schedule here is that the assets of that particular person be treated like a regular parent of dependents; namely, rather than keep the rate at 33 percent, we are recommending that that person be assessed at the rate of 5 percent. The reason for that particular change, by the way, Mr. Chairman, is this program will cost about \$150 million, and that is the major crux as to why if we are going to keep within the administration's allocation for the total funds for the basic grants program, we could not go down to 10.5 percent under that basis because if we do, then we

would not be able to treat that independent student who has been mistreated for so many years, and that becomes the major difference here as to why the 12 percent as contrasted to the 10.5 percent.

Along the same line as the talk about independent students, the other change we are talking about, since 1972 the single, independent student has been put at one-third below income threshold. That number has not been changed, and what we are suggesting in that particular area is that that be changed, the minimum low for the threshold, which is \$3,400.

Basically, to summarize the difference, if we are going to keep the cost of this basic grant program within the administration's recommendation, in the order of about \$3.1 billion, we would not be able to go down to 10.5 percent plus the independent students. In our opinion, the independent student, since that group has been treated so badly for so many years and also could be classified as a middle-income problem, it was our suggestion that we reduce our recommendation and we keep those at 12 percent, lower the tax rate to 12 percent, and take care of the independent students.

I would like to add one other point, if I may. The point you mentioned in your opening statement about providing a grant for a family with income of \$25,000. Your statement is correct that a family with one child, if we do go down to 10.5 percent, that family would get \$250.

It is also an accurate statement, I believe, to say if there were two people working in the family and one child in college, that particular family who had the \$25,000 income level would also be eligible for the \$250 grant, and something in the magnitude of 40 percent of all of the persons who apply for basic grants, or recipients in that order of magnitude, come from families where both the father and mother are working parents.

[The prepared statement of Mr. Kornfeld follows:]



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

TESTIMONY OF  
LEO KORNFELD  
DEPUTY COMMISSIONER  
BUREAU OF STUDENT FINANCIAL ASSISTANCE

BEFORE THE  
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES  
OF THE  
SENATE HUMAN RESOURCES COMMITTEE

September 28, 1978

Mr. Kornfeld will be accompanied by:

Mr. Peter K. Voigt, Acting Director, Division of  
Policy and Program Development

Mr. William A. Blakey, Deputy Assistant Secretary  
for Legislation (Education)

## TESTIMONY

## FOR THE 1979-80 FAMILY CONTRIBUTION SCHEDULES

Thank you for the opportunity to be with you today to discuss the Basic Educational Opportunity Grant Program and to share with you our proposed changes in the Family Contribution Schedules for the 1979-80 academic year.

INTRODUCTION

Before discussing the Family Contribution Schedules, I would like to give you a brief outline of the progress of the program during the five academic years it has been in operation. As you know, the Basic Grant Program was established by the Education Amendments of 1972 and began operations in the 1973-74 academic year with an appropriation of \$122.1 million. During that year approximately 185,000 students received awards. The program has experienced dramatic growth since that first year of existence, and during the current academic year we expect that approximately 2.4 million students will receive grants totaling \$2.168 billion. I have included in my testimony three charts to provide you with an illustration of the growth of the program. The first, listed as Exhibit I, shows the growth in program expenditures during its five completed years of operation with estimated amounts shown for 1978-79 and 1979-80. Exhibit II shows the growth in the number of applicants for those years, and Exhibit III shows the growth in the number of recipients.

## PROPOSED CHANGES IN THE FAMILY CONTRIBUTION SCHEDULES FOR 1979-80

Comments from members of Congress during the hearings last year on the proposed Family Contribution Schedules for 1978-79 and those received from the public at that time and in the intervening period have centered upon two major areas of concern about the Basic Grant Program -- first, that the program should be made more accessible to students from middle income families, and, second, that more equitable treatment is needed for independent students. The proposed changes for the 1979-80 schedules which we have submitted for your review are intended to respond to both of those concerns.

These proposed changes have been outlined in detail in a notice of proposed rulemaking published on August 14. At this time I would like to discuss them briefly with you.

## 1. ADJUSTMENT OF FAMILY SIZE OFFSETS

The proposed changes to the Family Contribution Schedules provide a 6.1 percent increase in the family size offsets to be used during the 1979-80 award period. This increase in the allowance for a family's basic subsistence expenses is an estimate and will be changed in accordance with the actual increase in the Consumer Price Index published by the Bureau of Labor Statistics at the end of the year. The adjustment in the offsets is intended to take into account inflation in the basic cost of living

during the current year. This amendment to the schedules has been made annually since the inception of the program.

---

Two of the changes we are proposing for 1979-80 are specifically intended as a means of expanding the availability of Basic Grants to more students from middle income families. One of these concerns the assessment of discretionary income, and the other concerns the assessment of assets.

## 2. OPTIONAL PROPOSALS FOR ASSESSING DISCRETIONARY INCOME

Alternative assessment rates for discretionary income are set forth in the proposed 1979-80 Family Contribution Schedules to accommodate the possibility that tax credit legislation may be enacted.

For the Basic Grant Program discretionary income is defined as the income which remains after subtracting the family size offset, Federal income tax, unusual expenses, the employment expense offset, and the educational expense offset from the effective family income. Under the current regulations the first \$5,000 of discretionary income of the parent of a dependent applicant is assessed at 20 percent, and if the discretionary income exceeds \$5,000, the assessment is \$1,000 plus 30 percent of the amount in excess of \$5,000.

Obviously, any change in need assessment criteria intended to make Basic Grants available to more students from middle income families would logically include a reduction in the rate of assessing discretionary income. Thus, one of the alternatives we are proposing for 1979-80 is a reduction

in the assessment rate from its current level to a flat 12 percent for all discretionary income. This course of action is labelled "Alternative A" in the proposed regulation. However, if a tax credit bill is enacted into law, we expect that the benefits from that legislation would accrue largely to the families of students whom the proposed change in the assessment rate is intended to benefit. Thus, "Alternative B" in the proposed regulation which makes no change in the current 20%/30% assessment rate is intended to be implemented for 1979-80 if a tax credit bill is enacted into law.

As you will note, we have not included a third alternative reducing the assessment rate to 10.5% to correspond to the Senate's College Opportunity Act. The reason we have not proposed to reduce the assessment rate below 12% is because two of the changes we are proposing to provide greater equity for independent students will also have major cost implications. When these changes are considered as well, we felt that a liberalization of the assessment rate below the proposed 12% would have been so costly that we could not accommodate the changes intended to assist independent students.

### 3. CHANGE IN THE ASSET RESERVE LEVEL FOR NON-FARM AND NON-BUSINESS ASSETS

The second proposed change intended to assist students from middle income families concerns the level of the asset reserve. Currently, the Family Contribution Schedule for dependent students includes a reserve of \$17,000 against asset equity before any assessment of a family's assets is made. For 1979-80 we are proposing to raise this asset reserve to \$25,000. We feel this larger amount will provide another step toward greater equity for middle income Americans who have experienced most severely the influence of rapid inflation on their personal assets.

### 4. CHANGE IN THE DEFINITION OF THE TERM "PARENT"

One technical change which we are proposing for the 1979-80 Family Contribution Schedules is a revision in the definition of the term "parent." The Basic Grant Program, like other need based financial aid programs, has

always followed the principle that parents have the primary responsibility for paying the educational costs of their dependent children. Additionally, in certain instances a student who is independent of his or her parents might be dependent upon some other person. In that case, we have in the past determined that the student was a dependent applicant and have requested "parental" income information from that other person.

Through program experience, we have recognized a number of instances where our current definition of an "other parent" appeared to be quite unfair to both the applicant and the person (other than a parent) who had provided the applicant some support. Typical of this type of situation is the case where a relative or other concerned individual acts as a legal guardian of a student whose parents are deceased. This guardian will usually provide considerable subsistence support to the applicant, but does not have the obligation, and in many cases the capability, of providing for the applicant's postsecondary education. Thus, under our proposed change in the definition of the term parent, we would drop all reference to people in such a category and only consider the mother or the father of the applicant as a parent. It is not expected that this change will cause many previously dependent applicants to become independent since the vast majority of dependent applicants are dependent on their parents. This change would provide a more reasonable assessment of the financial need of the few applicants in the situation I have described.

---

The three remaining changes proposed for the 1979-80 Family Contribution Schedules are intended to provide more equitable treatment for independent students.

5. CHANGE IN THE CRITERIA FOR DEFINING AN "INDEPENDENT STUDENT"

The proposed Family Contribution Schedules for 1979-80 which we have submitted for your review include a proposed revision in the definition of a self-supporting or independent student. The current regulations define an independent student as one who, during both the year(s) for which aid is requested and the prior calendar year, has not been claimed by any person except his or her spouse as an exemption for Federal income tax purposes, has not received financial assistance of more than \$600 from his or her parents, and has not lived for more than two consecutive weeks in his or her parents' home.

As you may recall, during the hearings last year on the 1978-79 Family Contribution Schedules we discussed a proposed change in the definition which had been published as a notice of proposed rulemaking on July 12, 1977. That NPRM proposed two modifications in the definition:

- (a) an extension of the Federal tax exemption criterion to apply for two calendar years prior to the year(s) for which aid is requested, rather than one calendar year, and

(b) an increase from two to six in the number of weeks an independent student may reside with his parents during the year(s) for which aid is requested and the prior calendar year.

This proposed change was published simultaneously with the notice of proposed rulemaking for the 1978-79 Family Contribution Schedules. Originally it was intended that any changes made in the definition as a result of the notice of proposed rulemaking would be implemented for the 1978-79 academic year and would be published as a final regulation simultaneously with the publication of the final regulation for the 1978-79 Family Contribution Schedules. However, the proposed revision in the definition generated a great deal of public comment expressing a wide range of opinions. There appeared to be a general feeling that more equitable treatment was needed for the independent student, both in the definition itself and in the Basic Grant need analysis formula. As a result of these expressions of concern from the commenters, as well as comments received during the Congressional hearings on the 1978-79 Family Contribution Schedules, we agreed to postpone the implementation of any changes in the definition until the 1979-80 award period. We also agreed to include the criteria for determining self-supporting status among the items to be studied in a comprehensive review of the treatment of independent students. The revised definition included in this notice of proposed rulemaking results from that review and is intended to supersede the proposed changes published in the NPRM of July 12, 1977. It

keeps the time frame for all components of the definition as it exists in the current regulation (i.e., the year(s) for which aid is requested and the prior calendar year) rather than extending the income tax criterion back an additional year as the earlier NPRM had proposed. It repeats the change proposed in the earlier NPRM increasing the number of weeks an independent student may reside with his or her parents from two consecutive weeks to six. Additionally, it increases the amount of support an independent student may receive from his or her parents from \$600 to \$750.

Raising the \$600 figure to \$750 to correspond to the current individual income tax exemption figure is considered a reasonable adjustment because of past inflationary trends. Likewise, extending the two week period of allowable residency with a parent to six weeks appears to be a more reasonable test of dependency since it would allow for normal periods of time in which one adult may visit another without being considered dependent upon the person he or she is visiting.

#### 6. CHANGE IN THE METHOD OF DETERMINING THE FAMILY SIZE OFFSET FOR THE SINGLE INDEPENDENT STUDENT

The second of the three changes intended to provide more equity for independent students is a revision in the method of determining the family size offset for the single independent student. This change will provide consistency with the method by which that offset is determined for all other applicants.

For purposes of background, it should be noted that the Basic Grant Program has used since its first year of operation the "Weighted Average Thresholds at the Low Income Level" as a reasonable approximation of subsistence expenses. Although the Census data for 1972 indicated an average low-income threshold of \$2,168 for a single person, it was decided that a single independent applicant should only receive an offset against income which is sufficient to cover that student's summer living expenses. This decision was based on the assumption that a student's living expenses while attending school are incorporated in the student's cost of education budget on the basis of which his or her financial need is determined by the institution. It was further assumed that a student typically would not be in school for about four months or 35 percent of a calendar year. On this basis, the family size offset for a single independent student was set at \$700 for the 1973-74 award period. Application of the annual Consumer Price Index increases to this base figure would result in an offset of \$1,150 for the 1979-80 award period.

Since the inception of the program there has been considerable negative reaction to the level of the family size offset for the single independent student. To provide consistency of treatment for the single independent student, the Office of Education is proposing to allow the single independent student a family size offset comparable to those provided to the dependent student and the independent student with dependents. In this context, "single independent student" means an independent student with no dependents (i.e., with a family size of one.) Therefore, applying

annual increases in the Consumer Price Index to \$2,168, which was the average low-income threshold for a single person in 1972, it is proposed that the family size offset for the single independent student be raised to \$3,400 for the 1979-80 award period. This proposal would permit the single independent student with no assets to be eligible for the maximum award with an income of \$3,450 and the minimum award with an income of \$6,000. Under the current method of computation, the income levels for the maximum and minimum awards would be \$1,150 and \$3,300, respectively.

#### 7. CHANGE IN ASSET TREATMENT FOR INDEPENDENT STUDENTS WITH DEPENDENTS

The third change we are proposing as part of the effort to provide greater equity for independent students is a revision in the method of assessing the assets of independent students with dependents.

The Family Contribution Schedule for the independent student is based on the assumption that the independent student, as the primary beneficiary of his postsecondary education, is expected to contribute a larger portion of income and resources toward his or her own education than would be expected from the family of a dependent student. In this context, the Family Contribution Schedule presently requires that 33 percent of the reported assets be included in the computation of the independent student's expected family contribution.

While the concept of a more stringent treatment of the independent student's resources is generally accepted, the program has nevertheless been subjected to considerable criticism in the case of the independent student

with dependents who reports assets on the application form. The bulk of these assets have consisted of equity in a home. (For purposes of this part, the term independent student with dependents refers to the independent student with a family size greater than one and includes a married independent student.)

As a general rule, such applicants report modest incomes, but because of the heavy assessment of assets, consisting primarily of home equity, they are eliminated from eligibility. Since the independent student with dependents has essentially the same family responsibilities as the parents of a dependent student, we are proposing to provide this type of student the same protection against assets that are provided for the family assets of the dependent student. That is, the independent student with dependents would receive an asset reserve of \$25,000 and any remaining assets would be assessed at 5 percent to determine expected contribution from assets. In the case of the applicant with farm or business assets, the asset reserve would be raised to \$50,000 for all assets, which would be consistent with the treatment of the assets of the parents of dependent students. The asset reserves would not be applicable to the assets of the single independent student and the assessment rate for the single independent student's assets would remain at 33 percent.

This combination of asset treatment would preserve the concept that the independent student should contribute a greater portion of his or her resources toward postsecondary education expenses. At the same time, it recognizes that the independent student with dependents has family responsibilities which are identical to those of the parents of dependent students.

That completes my summary of the changes in the Basic Grant Family Contribution Schedules which we are proposing for the 1979-80 award period. I will be pleased to respond to any questions you may have on these proposals. However, before I conclude my remarks there are several other items of interest concerning the Basic Grant Program on which I would like to report.

#### MULTIPLE DATA ENTRY

As you may recall, last year in the hearings on the 1978-79 Family Contribution Schedules, I discussed our plans for implementing a new procedure in which students would be able to apply for a Basic Grant on the application forms of other major need analysis services. This process, termed Multiple Data Entry, became operational on January 1, 1978, for the 1978-79 award period.

In previous years any student who wished to receive consideration for Basic Grant assistance completed a Basic Grant application form. Due to the cooperative efforts of the Office of Education and the Coalition for the Coordination of Student Aid, it is now possible for many students to apply for a Basic Grant award by submitting one of several applications which are used to determine eligibility for other Federal, State, and/or institutional assistance. In this case, no Basic Grant application needs to be submitted. Students who complete one of the forms are able to apply for a Basic Grant by indicating in the appropriate place on any of the forms that they are also applying for a Basic Grant. The following forms are being used during 1978-79 to also apply for a Basic Grant:

Financial Aid Form (College Scholarship Service)

Family Financial Statement (American College Testing Program)

Application for State Higher Education Grant (Pennsylvania Higher Education Assistance Agency)

In addition to collecting the financial data they need for their own operations, the participating agencies collect all data that is needed to determine Basic Grant eligibility. The agencies must submit their forms for Office of Education approval in order to ensure that the data they collect which is used for Basic Grant purposes is identical to data collected on the Basic Grant application.

These agencies transmit the data needed to determine the student's eligibility for a Basic Grant to the central Office of Education processing contractor. The processing of the data is completed by the Office of Education contractor and the student is notified of the results. Eligible students then submit their notifications (Student Eligibility Reports) to their schools for calculation and payment of their Basic Grant awards, which is the same procedure as for previous years.

As a result of this new procedure, we estimate that as many as 2.5 million students will apply for a Basic Grant in the 1978-79 award period without submitting a separate Basic Grant application. In many cases it may be possible for a student to file a single form and receive consideration

for institutional, State and Federal student financial aid. The form that is to be filed by each student is determined by the school(s) which the student is considering attending. Since some schools use the Basic Grant application as their financial aid form, it is also available for the 1978-79 academic year. The separate Basic Grant application also accommodates those students who choose to apply only for a Basic Grant.

For the 1979-80 award period, the Basic Grant Program and the agencies who use forms to collect data for use in determining Basic Grant eligibility have reached agreement on common definitions for the data elements and a common set of instructions. Therefore the single form procedure for applying for aid will continue in 1979-80.

In order to allow students to begin applying for 1979-80 Basic Grants as soon as they wish after January 1, 1979, it was necessary for the participants in Multiple Data Entry to begin printing their 1979-80 application forms and related materials last month. Thus, to maintain the printing timetable the data elements used in determining Basic Grant has to be established as final well in advance of the October 1 approval date for the Family Contribution Schedules. As you may recall Commissioner Boyer wrote to you in June outlining this problem and requesting your agreement that the current data elements in use for 1978-79 be maintained for use in the 1979-80 Family Contribution Schedules.

Maintaining the current data elements does not, of course, preempt the possibility of making adjustments in the Schedules through the various offsets, allowances and assessment rates. In previous years it has been in these areas that the majority of changes have been made. For example, there have been revisions to the family size offsets, asset reserves, and the approach to assessing farm and business assets. In each of these cases it is not the data elements that have been affected, but rather the method of calculating the expected family contribution.

Since we have not received a response to Commissioner Boyer's letter from your committee, I would like at this time to repeat our request that the current data elements be retained for use in 1979-80.

The multiple data entry approach has resulted in a single process for students to apply for financial aid and will act as a base upon which to make further improvements. The eventual goal would be a process by which a student could complete a single form to establish his or her eligibility for all sources and types of aid.

**BASIC GRANT VALIDATION EFFORT**

Another item of interest which I would like to mention briefly is the Basic Grant validation effort.

Millions of students have received financial assistance through the Basic Educational Opportunity Grant Program. The Basic Grant Program has been proven to be a successful vehicle for providing equal access to postsecondary education. There has, however, always been concern about the accuracy of the information reported on both the Basic Grant application form and on the Student Eligibility Report (SER).

Beginning with the 1975-76 academic year, the Office of Education conducted several studies to validate the information being submitted on Basic Grant applications. While these studies did indicate that significant numbers of students had discrepancies on their Basic Grant SER's when compared with the documentation they were asked to supply, the studies were not entirely successful for two major reasons:

1. For the 3 years of studies, only 16,500 students were asked to submit supporting documentation out of approximately 6.1 million eligible applicants.
2. The majority of the students were contacted after they had received at least partial payment of their awards. We believe that it was for this reason that an average of 40% of the students contacted failed to respond or responded inadequately.

In addition to the validation studies, several other studies have been conducted. The most significant of these is the 1976-77 Corrections Analysis Study. The objective of this study was to systematically review

the corrections process for Basic Grant applications and to determine (1) the extent to which corrections impact on the students' eligibility, and (2) the characteristics of the applicants who submit corrections.

The results of the Corrections Analysis Study indicate that there has been a significant increase in the number of applicants who submit corrections to their original application. Of the more than 2.7 million students who applied for a Basic Grant as of October, 1976, approximately 17% submitted at least one correction that involved a data field integral to the calculation of the eligibility index. Applicants initially found ineligible tended to increase their eligibility significantly through corrections and subsequent applications. This suggests that some applicants may be submitting corrections in order to establish or increase their eligibility, without regard to the accuracy of those corrections.

After analyzing the results of these studies, we determined that it was critical that the scope of the Basic Grant validation effort be altered in order to protect the integrity of the program. Therefore, beginning with the 1978-79 academic year, the Office of Education initiated a new effort which consisted of two major thrusts.

#### 1. Increased Computer Screening of Applications

The edits in the application processing system which are aimed at detecting errors before the student's eligibility is calculated have been

intensified. All applications which are incomplete or contain questionable data are rejected. The students have to verify, or correct the data, before the processing of their applications continues.

It should be noted here that, initially, these tightened edit procedures were partially responsible for a "backlog" problem at the Basic Grant processing center. The introduction this year of both Multiple Data Entry and the Validation Procedure were also contributing factors to this problem. All of these factors resulted in a delayed commencement of the corrections processing function which did not begin for the 1978-79 year until mid April. The resulting backlog of corrections, however, has now been eliminated, and the processing of applications and corrections is proceeding at a normal pace.

2. Institutional Verification of Basic Grant Data Prior to the Disbursement of Awards

Using both tightened selection criteria (based on significant instances of past misreporting of information) and a random selection, 200,000 students will have to verify the information reported on their original applications or corrections to those applications.

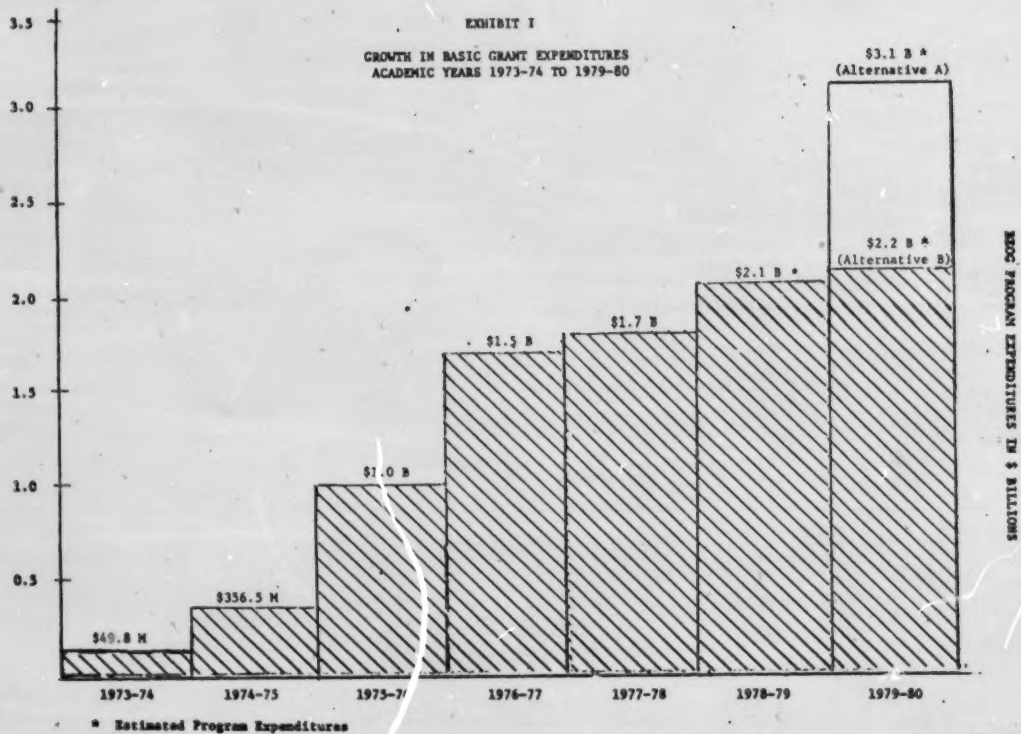
Obviously, centrally validating the data reported by 200,000 students prior to disbursement of awards would not be administratively feasible. Therefore, in the expanded validation effort which has begun with the current academic year, financial aid officers at all participating institutions are conducting the validation.

Students selected for validation will be instructed by the Office of Education to provide supporting documentation to their financial aid officers. The financial aid officers will then compare the documentation to the information on the students' SER's. If there are no discrepancies, the students will receive payment of their awards. If discrepancies are found, the students will have to correct their SER's before they can receive payment.

In addition to the 200,000 students selected by the Office of Education, institutions are currently encouraged to validate any suspect SER's submitted by students, and are also encouraged to compare the information contained on those SER's with the students' applications for other types of financial aid.

New proposed regulations on fiscal and administrative standards for institutions participating in Title IV programs were published in the FEDERAL REGISTER last month. These proposed regulations would require institutions to develop an adequate system to verify the consistency of the information they receive from different sources with respect to students' applications for financial aid under Title IV programs. Students will then be required by institutions to supply verifying information to resolve any discrepancies. If this proposal becomes effective as a final regulation, we expect that it will significantly reduce instances of applicant misreporting in all Title IV programs.

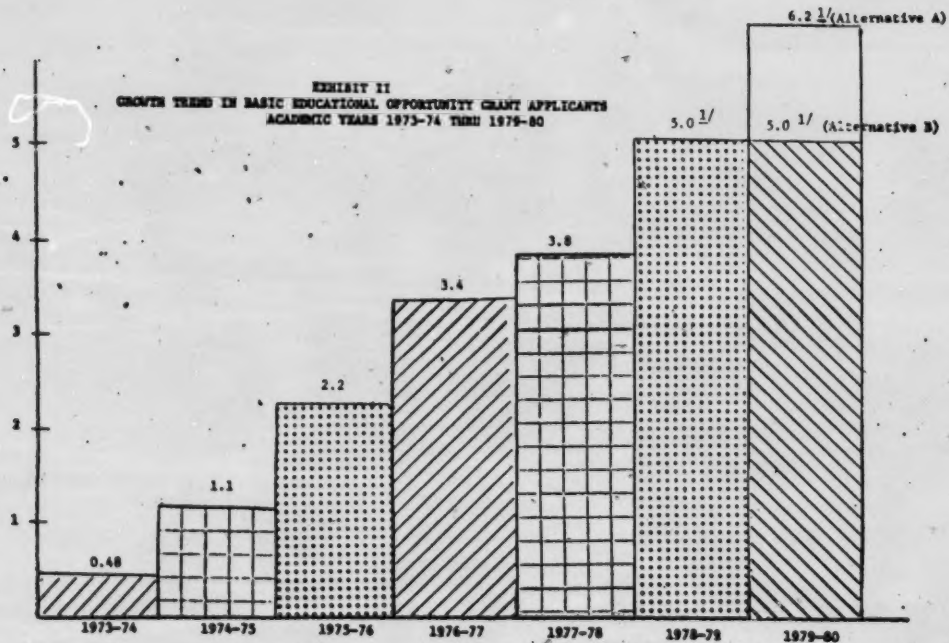
I would like to thank the Committee for the opportunity to discuss these important matters today and would be happy to answer your questions at this time.



9/27/78

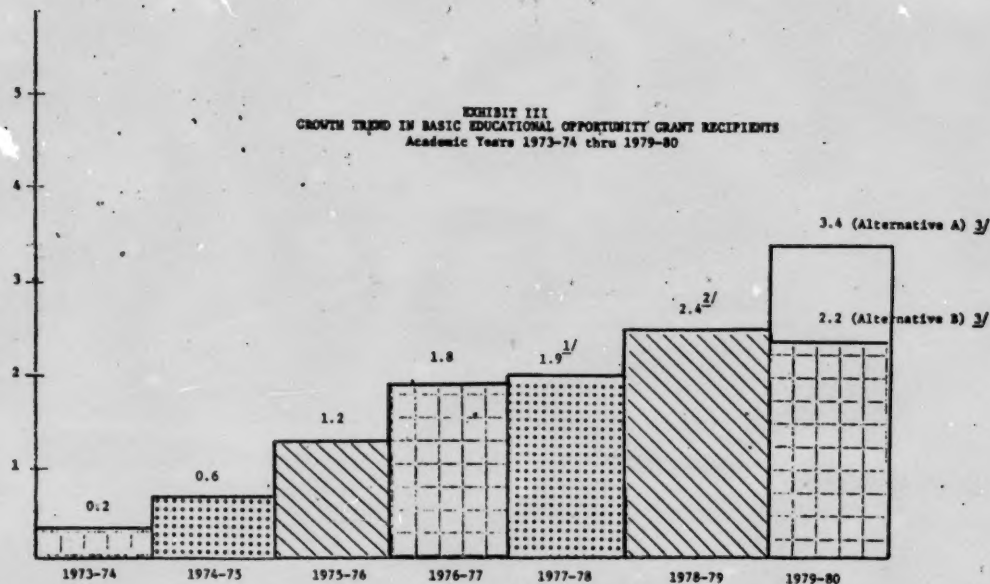
TAB A

27



<sup>1/</sup> Projected Basic Educational Opportunity Grant applicants.

EXHIBIT III  
GROWTH TREND IN BASIC EDUCATIONAL OPPORTUNITY GRANT RECIPIENTS  
Academic Years 1973-74 thru 1979-80



(BASIC RECIPIENTS IN MILLIONS)

- <sup>1/</sup> Estimated number of recipients subject to change upon final reconciliation.  
<sup>2/</sup> Projected number of recipients for academic year 1978-79.  
<sup>3/</sup> Projection assumes proposed 1979-80 Family Contribution Schedules Alternative A - 12% dependent parental income assessment rate.  
 Projection assumes proposed 1979-80 Family Contribution Schedules Alternative B - 20/30% dependent parental income assessment rate.

9/27/78

EXHIBIT IV  
 1979-80 Basic Educational Opportunity Grant Program  
 Estimates of Program Cost, Recipients and Average Award  
 Assuming Proposed Family Contribution Schedule  
 Alternatives A and B

\$1,800 Maximum Award  
 87% Participation Rate

|                        | Alternative A<br>(12% Parental Income Assessment) | Alternative B<br>(20%/30% Parental Income Assessment) |
|------------------------|---------------------------------------------------|-------------------------------------------------------|
| Program Cost <u>1/</u> | \$3,099 Million                                   | \$2,203 Million                                       |
| Recipients             | 3,362,000                                         | 2,244,000                                             |
| Average Award          | \$921                                             | \$982                                                 |

1/ Excludes \$26.9 Million administrative expense allowance and \$9.5 Million institutional administrative allowance.

TABLE 1  
SUMMARY STATISTICS - BASIC GRANT PROGRAM

|                                                     | 1973-74 | 1974-75   | 1975-76   | 1976-77   | 1977-78   |
|-----------------------------------------------------|---------|-----------|-----------|-----------|-----------|
| Number of Applications Processed                    | 512,866 | 1,304,877 | 2,339,337 | 3,590,379 | 3,844,047 |
| Number of Applications Returned (Insufficient Data) | 100,862 | 190,793   | 160,641   | 181,661   | 222,406   |
| Number of Valid Applications                        | 482,331 | 1,114,084 | 2,178,696 | 3,426,696 | 3,621,641 |
| Number of Applicants Qualified                      | 268,444 | 681,648   | 1,455,187 | 2,262,348 | 2,390,320 |
| Number of Applicants Not Qualified                  | 213,887 | 432,436   | 723,509   | 1,164,156 | 1,231,321 |
| Percentage of Valid Applicants Qualified            | 55.7%   | 61.2%     | 66.8%     | 66.0%     | 66.0%     |

TABLE 2  
DEPENDENT STUDENTS/SUMMARY STATISTICS - BASIC GRANT PROGRAM

|                                                        | 1973-74 | 1974-75 | 1975-76   | 1976-77   | 1977-78   |
|--------------------------------------------------------|---------|---------|-----------|-----------|-----------|
| Number of Valid Applications - Dependent Students      | 423,229 | 896,366 | 1,394,434 | 2,187,004 | 2,235,412 |
| Percentage of Valid Applicants from Dependent Students | 87.7%   | 80.5%   | 73.2%     | 63.8%     | 61.7%     |
| Number of Dependent Applicants who Qualify             | 232,641 | 532,705 | 1,021,936 | 1,394,738 | 1,394,227 |
| Percentage of Dependent Applicants who Qualify         | 55.0%   | 59.5%   | 64.1%     | 63.8%     | 62.4%     |

TABLE 3  
INDEPENDENT STUDENTS/SUMMARY STATISTICS - BASIC GRANT PROGRAM

|                                                            | 1973-74 | 1974-75 | 1975-76 | 1976-77   | 1977-78   |
|------------------------------------------------------------|---------|---------|---------|-----------|-----------|
| Number of Valid Applications - Independent Students        | 59,102  | 217,718 | 584,242 | 1,234,500 | 1,386,229 |
| Percentage of Valid Applications from Independent Students | 12.3%   | 19.5%   | 26.8%   | 36.2%     | 38.3%     |
| Number of Independent Applicants who Qualify               | 35,803  | 148,943 | 433,251 | 867,610   | 996,093   |
| Percentage of Independent Applicants who Qualify           | 60.6%   | 68.4%   | 74.2%   | 70.0%     | 71.9%     |

TAB B

MONDAY, AUGUST 14, 1978

EXERPT  
FROM:

# **Federal register**

## **DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE**

OFFICE OF EDUCATION

[45 CFR PART 190]

**BASIC EDUCATIONAL OPPORTUNITY  
GRANT PROGRAM****FAMILY  
CONTRIBUTION  
SCHEDULES**

[4110-02]

DEPARTMENT OF HEALTH,  
EDUCATION, AND WELFAREOffice of Education  
(42 CFR Part 199)BASIC EDUCATIONAL OPPORTUNITY GRANT  
PROGRAM

Family Contribution Schedules

AGENCY: Office of Education, HEW.

ACTION: Notice of proposed rulemaking.

**SUMMARY:** The family contribution schedules are the formulas used in determining student eligibility on the basis of financial need for the basic educational opportunity grant program. The legislation governing the program requires that these schedules be submitted annually for public comment and for review by both Houses of Congress. The amendments to the family contribution schedules for 1978-80 included in this notice of proposed rulemaking are intended to address concerns voiced by the public and the Congress regarding the asset reserve level, the assessment of discretionary income and the treatment of independent students.

**DATES:** Comments must be received on or before September 28, 1978.

**ADDRESSES:** Written comments should be sent to Mr. William Moran, Chief, Basic Grants Policy Section, Division of Policy and Program Development, ROB-3, Room 4923, 400 Maryland Avenue SW., Washington, D.C. 20502. Comments will be available for public inspection at the above address, between 8:30 a.m. and 4 p.m., Monday through Friday (except Federal holidays).

FOR FURTHER INFORMATION  
CONTACT:

William Moran, 202-245-1744.

## SUPPLEMENTARY INFORMATION:

These proposed amendments are being submitted for public comment. The final regulations resulting from this notice of proposed rulemaking will be in effect for the 1979-80 award period. Each of the proposed changes is listed and discussed here in the order in which it appears in the regulations.

1. **Adjustment of family size offsets.** The family-size offsets included in the family contribution schedules are intended to provide for basic family expenses which must be met before any contribution toward a student's educational costs can be expected. In order to establish a standard for determining the amount of these expenses, the basic grant program adopted, during its initial year of operation, the "Weighted Average Thresholds at Low Income Level" published by the Bureau of the Census. These expenses are based on the food costs of families of given sizes, and make certain assumptions about additional expenses of shelter and other family needs. These base-line data have been updated

## PROPOSED RULES

annually to accommodate the increases in the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor.

In determining the expected family contribution for the basic grant program, applicants report actual financial data for a base year which is the calendar year prior to the academic year for which the grant is requested. Thus, data included in the 1979-80 application will reflect actual financial circumstances in calendar year 1978. To derive the family size offsets for the 1978 base year, those used for 1977 will be adjusted to correspond to the actual increase in the Consumer Price Index published by the Bureau of Labor Statistics at the end of the year. Since this notice of proposed rulemaking is published well before the conclusion of the year, the amounts in the 1979-80 family contribution schedule are estimated by increasing those used for 1978-79 by 6.4 percent. When the final regulations are published, these estimated amounts will be replaced by family size offsets based on the actual Consumer Price Index statistics for 1978 as published by the Department of Labor.

2. **Assessment rule for discretionary income.** The proposed regulations provide two alternatives for handling the assessment of discretionary income in the 1979-80 family contribution schedules. Discretionary income is defined as the income which remains after subtracting the family size offset, Federal income tax, unusual expenses, the employment expense offset, and the educational expense offset from the effective family income. Under the current regulations the first \$5,000 of discretionary income of the parent of a dependent applicant is assessed at 20 percent, and if the discretionary income exceeds \$5,000, the assessment is \$1,000 plus 30 percent of the amount in excess of \$5,000.

Alternative courses of action are proposed to accommodate the enactment of tax credit legislation by the 95th Congress. One of the two alternatives (termed alternative A in this discussion) would provide a reduction in the rate of assessment as a means of expanding the availability of basic grants to more students from middle-income families who previously have not been eligible for aid under the program. However, if a tax credit bill is enacted into law, it is expected that the benefits from that legislation would accrue largely to the families of students whom the proposed change in the assessment rate is intended to benefit. Thus, alternative A is proposed as a means of assisting these students if a tax credit proposal is not enacted into law. Conversely, the other proposal (termed alternative B), intended to accommodate the enactment of tax credit legislation, would make no change in the current 20 percent/

30 percent rates of assessing discretionary income.

Alternative A in the proposed regulation (§190.35(c)) would change the 20 percent/30 percent assessment rates to a rate of 12 percent for all of discretionary income. In addition to allowing low-income students to qualify for larger amounts of grant aid, this proposed 12-percent assessment rate would also enable students from middle-income families who formerly were not eligible for basic grants to qualify for aid under this program.

The following examples are given to illustrate the differences between the amount of basic grant aid awarded to students from various income levels under the proposed 12-percent assessment (alternative A) and the current assessment rate which would be continued under alternative B.

**Assumptions.** For purposes of illustration, in all of the following examples the applicant is a dependent student whose family has the following characteristics: A family of four, one parent working, one student in post-secondary education, no assets assessed, no unusual expenses, no tuition offset, no nontaxable income, no veteran's benefits, and a cost of education of at least \$3,600.

To qualify for the maximum award of \$1,800 the highest income the family may have is \$4,700 under both the current method (alternative B) and the proposed 12 percent method of assessment (alternative A).

The maximum income the family could have in order to qualify for the minimum award of \$200 would be \$15,000 under alternative B and \$22,450 under alternative A.

The following chart illustrates the difference in award amounts for families (using the same assumptions) with various income levels under the two methods of assessing the discretionary income.

| Adjusted gross income | Alternative A* | Alternative B* |
|-----------------------|----------------|----------------|
| \$16,000              | \$1,497        | \$1,238        |
| \$17,500              | 723            | 0              |
| \$20,000              | 0              | 0              |
| \$28,000              | 0              | 0              |

\*Amount of award at assessment rate of 12 pct.

\*Amount of award at assessment rate of 20 pct for \$1 to \$4,999 and 30 pct for \$5,000 plus.

3. **Raise asset reserve to \$25,000.** This proposed regulation in §190.35(a)(2)(i) raises the asset reserve for nonfarm or nonbusiness assets from \$17,000 to \$25,000. This larger figure is thought to be more reflective of actual asset holdings of the population. By increasing the asset reserve allowances to a level more in keeping with the various population groups, greater equity in the program can be achieved. The increase in the asset reserve allowance would also help to relieve the increased burden of middle-income Americans who have experienced most severely the influence of rapid inflation on their personal and other assets.

#### 4. Definition of the term "parent."

The program has always operated under the assumption that parents have the first responsibility for the education of their dependent children. In addition, it was felt that under certain conditions a student who was independent of his or her parents might, in fact, be dependent on some other person. In that case, we have in the past determined that the student was a dependent applicant and have requested "parental" income information from that other person.

However, through program experience, we have recognized a number of instances where our current definition of an "other parent" appeared to be quite unfair to both the applicant and the person (other than a parent) who had provided the applicant some support. Typical of this type of situation is the case where a relative or other concerned individual acts as a legal guardian of a student whose parents are deceased. This guardian will usually provide considerable subsistence support to the applicant, but does not have the obligation, or in many cases the capability, of providing for the applicant's postsecondary education. Thus, under our proposed change in the definition of the term parent, we would drop all reference to people in such a category and only consider the mother or the father of the applicant as a parent. It is not expected that this change will cause many previously dependent applicants to become independent since the vast majority of dependent applicants are dependent on their parents. This change would provide a more reasonable assessment of the financial need of the few applicants in this situation.

8. *Criteria for defining an independent student.* This notice of proposed rulemaking also includes a proposed revision in the definition of a self-supporting or independent student. This proposed change in the definition is intended to supersede an earlier proposed change for the basic grant program and the three campus-based programs (national direct student loans, college work-study, and supplemental educational opportunity grants) published in the Federal Register as a notice of proposed rulemaking on July 12, 1977. For purposes of the basic grant program, the revised definition appears in §190.42 of the proposed 1978-80 family contribution schedules. Thus, it is included in this notice of proposed rulemaking only for the basic grant program. However, when the family contribution schedules containing the revised definition are published as a final regulation, the revision will be published simultaneously as a final regulation for the three campus-based programs so that the definition will continue to be consistent among programs.

The current regulations define an independent student as one who, during both the years for which aid is requested and the prior calendar year, has not been claimed by any person

#### PROPOSED RULES

except his or her spouse as an exemption for Federal income tax purposes, has not received financial assistance of more than \$600 from his or her parents, and has not lived for more than 3 consecutive weeks in his or her parents' home. The notice of proposed rulemaking of July 12, 1977, proposed two modifications in the definition:

- (a) An extension of the Federal tax exemption criterion to apply for 2 calendar years prior to the year(s) for which aid is requested, rather than 1 calendar year, and
- (b) An increase from 3 to 6 in the number of weeks an independent student may reside with his parents during the year(s) for which aid is requested and the prior calendar year.

This proposed change was published simultaneously with the notice of proposed rulemaking for the 1978-79 family contribution schedules. Originally it was intended that any changes made in the definition as a result of the notice of proposed rulemaking would be implemented for the 1978-79 academic year and would be published as a final regulation simultaneously with the publication of the final regulation for the 1978-79 family contribution schedules. However, the proposed revision in the definition generated a great deal of public comment expressing a wide range of opinions. There appeared to be a general feeling that more equitable treatment was needed for the independent student, both in the definition itself and in the basic grant need analysis formula. As a result of these expressions of concern from the commenters, as well as comments received during the congressional hearings on the 1978-79 family contribution schedules, we agreed to postpone the implementation of any changes in the definition until the 1979-80 award period. We also agreed to include the criteria for determining self-supporting status among the items to be studied in a comprehensive review of the treatment of independent students. The revised definition included in this notice of proposed rulemaking results from that review and is intended to supersede the proposed changes published in the NPRM of July 12, 1977. It keeps the time frame for all components of the definition as it exists in the current regulation (i.e., the year(s) for which aid is requested and the prior calendar year) rather than extending the income tax criterion back an additional year as the earlier NPRM had proposed. It repeats the change proposed in the earlier NPRM increasing the number of weeks an independent student may reside with his or her parents from 3 consecutive weeks to 6. Additionally, it increases the amount of support an independent student may receive from his or her parents from \$600 to \$750.

Raising the \$600 figure to \$750 to correspond to the current individual income tax exemption figure is considered a reasonable adjustment because

of past inflationary trends. Likewise, extending the 3 week period of allowable residency with a parent to 6 weeks appears to be a more reasonable test of dependency in view of vacation visits and such.

6. *Family size offset—single independent student.* As mentioned earlier, the basic grant program has adopted the "Weighted Average Thresholds at the Low Income Level" as a reasonable approximation of subsistence expenses. Although the census data for 1972 indicated an average low-income threshold of \$2,168 for a single person, it was decided that a single independent applicant should only receive an offset against income which is sufficient to cover that student's summer living expenses. This decision was based on the assumption that a student's living expenses while attending school are incorporated in the student's cost of education budget on the basis of which his or her financial need is determined by the institution. It was further assumed that a student typically would not be in school for about 4 months or 38 percent of a calendar year. On this basis, the family size offset for a single independent student was set at \$700 for the 1973-74 award period. Application of the annual Consumer Price Index increases to this base figure would result in an offset of \$1,150 for the 1979-80 award period.

Since the inception of the program there has been considerable negative reaction to the level of the family size offset for the single independent student. To provide consistency of treatment for the single independent student, the Office of Education is proposing to allow the single independent student a family size offset comparable to those provided to the dependent student and the independent student with dependents. In this context, "single independent student" means an independent student with no dependents (i.e., with a family size of one). Therefore, applying annual increases in the Consumer Price Index to \$2,168, which was the average low-income threshold for a single person in 1972, it is proposed that the family size offset for the single independent student be raised to \$2,400 for the 1979-80 award period. This proposal would permit the single independent student to be eligible for the maximum award with an income of \$3,450 and the minimum award with an income of \$6,000. Under the current method of computation, the income levels for the maximum and minimum awards would be \$1,150 and \$2,300, respectively. All these income levels are provided under the assumption that no assets are involved.

7. *Asset treatment for independent students with dependents.* The family contribution schedule for the independent student is based on the assumption that the independent student, as the primary beneficiary of his postsecondary education, is expected to contribute a larger portion of

## PROPOSED RULES

income and resources toward his or her own education than would be expected from the family of a dependent student. In this context, the family contribution schedule presently requires that 33 percent of the reported assets be included in the computation of the independent student's expected family contribution.

While the concept of a more stringent treatment of the independent student's resources is generally accepted, the program has nevertheless been subjected to considerable criticism in the case of the independent student with dependents who reports assets on the application form. The bulk of these assets have consisted of equity in a home. (For purposes of this part, the term independent student with dependents refers to the independent student with a family size greater than one and includes a married independent student.)

As a general rule, such applicants report modest incomes, but by virtue of the heavy assessment of assets, consisting primarily of home equity, they are eliminated from eligibility. Since the independent student with dependents has essentially the same family responsibilities as the parents of a dependent student, it is proposed that we afford this type of student the same type of protection against assets as is given the family assets of the dependent student. That is, the independent student with dependents would receive an asset reserve of \$35,000 and any remaining assets would be assessed at 5 percent to determine expected contribution from assets. In the case of the applicant with farm or business assets, the asset reserve would be raised to \$50,000 for all assets, which would be consistent with the treatment of the assets of the parents of dependent students. The asset reserves would not be applicable to the assets of the single independent student and the assessment rate for the single independent student's assets would remain at 33 percent.

This combination of asset treatment would preserve the concept that the independent student should contribute a greater portion of his or her resources toward postsecondary education expenses. At the same time, it recognizes that the independent student with dependents has family responsibilities which are identical to those of the parents of dependent students.

The effect of the proposal is demonstrated through the example of an independent student with dependents and the following characteristics: Family size of four, one parent employed, one family member attending a postsecondary institution and annual adjusted gross income of \$18,000. If the family has no assets, the student would be entitled to an award of \$637 using either the current or proposed method of asset treatment. However, the student would still be entitled to \$487 under the proposed treatment with assets totaling up to

\$25,000. According to the present method in which assets are considered, the student would be ineligible with assets in excess of \$1,408. The proposed procedure would therefore treat the resource position of the independent student with dependents in a much more realistic manner.

**AUTHORITY:** Pursuant to the authority contained in title IV of the Higher Education Act of 1965, as amended (Pub. L. 89-329), the Commissioner proposes to amend the regulations in 45 CFR Part 186, (Catalog of Federal Domestic Assistance No. 1.5324, Basic Educational Opportunity Grant Program).

Dated: June 27, 1978.

Ernest L. Boyer,  
U.S. Commissioner,  
of Education.

Approved: August 3, 1978.

Joseph A. Califano, Jr.,  
Secretary of Health,  
Education, and Welfare.

Accordingly, 45 CFR Part 190 is proposed to be amended as set forth below.

1. In § 190.33, paragraph (n) is amended to read as follows:

§ 190.33 Special definitions

(n) (1) For purposes of this subpart and subpart D, "parent" means the student's mother or father. (Adoptive parents are considered the student's mother and father.)

2. In § 190.32a subparagraphs (e) and (f) would be amended to read as follows:

§ 190.32a Annual adjusted family income.

(e) The following rule applies if a parent whose income is taken into account under paragraph (c) of this section has remarried. The income of that parent's spouse shall be included in determining the student's annual adjusted family income if the student:

(1) Has received or will receive financial assistance of more than \$750 per year from that parent's spouse in the calendar year(s) in which aid is received or the calendar year before the award period for which aid is requested; or

(2) Has lived or will live for more than 6 weeks in the home of that parent's spouse during the calendar year(s) in which aid is received or the calendar year before the award period for which aid is requested.

(f) The following rule applies if a parent whose income is taken into account under paragraph (a) of this section was a widow or widower and that parent has remarried. The income of that parent's spouse shall be included in determining the student's annual adjusted family income if the student:

(1) Has received or will receive finan-

cial assistance of more than \$750 per year from that parent's spouse in the calendar year(s) in which aid is received or the calendar year before the award period for which aid is requested; or

(2) Has lived or will live for more than 6 weeks in the home of that parent's spouse during the calendar year in which aid is received or the calendar year before the award period for which aid is requested.

3. In § 190.33 subparagraph (b)(1) and paragraph (c) would be amended to read as follows:

§ 190.33 The expected family contribution for dependent students from effective income.

(b) Family size offset. A family size offset is the amount specified in the following table. Family members include the student, the student's parents and the student's parent's dependents. If the parents are divorced or separated, family members include the student and any parent whose income is taken into account for the purpose of computing the annual adjusted family income and that parent's dependents. If the parents are divorced and the parent whose income is taken into account for the purpose of computing the annual adjusted family income has remarried, or if the parent was a widow or widower who has remarried, family members shall also include any dependents of that spouse if the new spouse's income is taken into account in determining the annual adjusted family income.

Family size effects

| Family members | Amount  |
|----------------|---------|
| 1              | \$4,300 |
| 2              | 5,300   |
| 3              | 6,300   |
| 4              | 7,300   |
| 5              | 8,300   |
| 6              | 9,300   |
| 7              | 10,300  |
| 8              | 11,300  |
| 9              | 12,300  |
| 10             | 13,300  |
| 11             | 14,300  |
| 12             | 15,300  |
| 13             | 16,300  |

Plus \$1,000 for each additional family member over 13.

**Alternative A:** (c) The expected family contribution from parent's income is 13 percent of discretionary income.

(30 U.S.C. 1070a(c)(3)(B).)

**Alternative B:** (c) To determine the expected family contribution from parental income the following rates shall be applied to discretionary income:

30 the contribution expected;  
\$1 to \$4,300, 20 percent of Discretionary Income;  
\$4,300 or more, \$1,000 plus 30 percent of Discretionary Income in excess of \$,000.

(30 U.S.C. 1070a(c)(3)(B).)

4. In § 190.35, subparagraph (a)(2) is amended to read as follows:

**§ 190.36 Computation of standard expected contribution from parent's assets.**

(a) . . .

(2)(i) If the net assets determined in paragraph (a)(1) of this section do not include farm or business assets, deduct an asset reserve of \$25,000 from the net assets. (ii) If the net assets determined in paragraph (a)(1) of this section include farm assets or business assets, deduct an asset reserve of \$50,000 from the net assets. However, in this case an asset reserve of not more than \$25,000 may be deducted from non-farm and/or non-business assets owned by the parents.

8. Section 190.43 would be amended to read as follows:

**§ 190.43 Special definitions.**

For the purposes of this subpart: (a)(1) A student shall qualify as an independent student if he or she:

(i) Has not and will not be claimed as an exemption for Federal income tax purposes by his or her parent for the calendar year(s) in which aid is requested and the calendar year before the award period for which aid is requested.

(ii) Has not and will not receive financial assistance of more than \$750 per year from his or her parent in the calendar year(s) in which aid is requested and the calendar year before the award period for which aid is requested.

(iii) Has not lived or will not live for more than 6 weeks in the home of his or her parents during the calendar year in which aid is received and the calendar year before the award period for which aid is requested.

9. Section 190.42a would be amended to read as follows:

**§ 190.42a Annual adjusted family income.**

(a) "Annual adjusted family income" for any base year includes, except as provided in paragraph (b) of this section—

(i) The sum received in the base year by the student and his or her spouse from:

(I) Adjusted gross income as defined by section 62 of the Internal Revenue Code, regardless of whether the student or his spouse filed an income tax return;

(II) Investment income upon which no Federal income tax need be paid. An example of such income is the interest on State and municipal bonds; and

(III) Other income upon which no Federal income tax need be paid. Examples of such income include child support payment, income from income maintenance programs such as welfare benefits and social security benefits.

(2) One-half of any amount to be paid to a student under chapter 34

**PROPOSED RULES**

and 35 of the United States Code (veteran's benefits) in the academic year for which aid is requested.

(b) For an Indian or other Native American student, the income received by the student or his spouse pursuant to an award made under the Distribution of Judgment Funds Act (25 U.S.C. 1401, et seq.) or the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.) need not be included in determining the annual adjusted family income.

(c) In the case of the student who is divorced or separated, only the student's own income shall be considered in determining the annual adjusted family income.

(d) In the case where the student and his spouse are married and not separated but file separate returns for Federal income tax purposes, the income as described in paragraph (a) of this section of both the applicant and spouse shall be combined to determine the annual adjusted family income for that student.

(20 U.S.C. 1070a(x)(3)(B).)

7. In § 190.43 subparagraph (b)(1) would be amended to read as follows:

**190.43 The expected family contribution for independent students from annual adjusted family income.**

(b) . . .

(1) Family size offset. A family size offset is the amount specified in the following table. Family members include the student and his dependents. If the student is divorced or separated, family size shall include any person whose income is taken into account for the purpose of computing the annual adjusted family income and his or her dependents.

| Family size offset |         |
|--------------------|---------|
| Family members     | Amount  |
| 1                  | \$1,000 |
| 2                  | 1,250   |
| 3                  | 1,500   |
| 4                  | 1,750   |
| 5                  | 2,000   |
| 6                  | 2,250   |
| 7                  | 2,500   |
| 8                  | 2,750   |
| 9                  | 3,000   |
| 10                 | 3,250   |
| 11                 | 3,500   |
| 12                 | 3,750   |
| 13                 | 4,000   |
| 14                 | 4,250   |
| 15                 | 4,500   |

Plus \$1,000 for each additional family member over 15.

8. § 190.45 would become § 190.44 and would be amended to read as follows:

**§ 190.44 Computation of expected contribution from the assets of a single independent student with no dependents.**

(a) Except as provided for in paragraph (b) of this section, the expected contribution from the assets of a single independent student with no dependents (i.e., with a family size of one) shall be determined in the following manner:

(1) Determine the total amount of net assets owned by the student.

(2) The contribution from assets shall be an amount equal to 33 percent of the amount determined in subparagraph (1) of paragraph (a) of this section.

(b) (i) If the calculations required by § 190.43(b) produce an amount of negative discretionary income as defined in subparagraph (2) of this paragraph the expected contribution from the assets of the student calculated in paragraph (a) of this section shall be reduced by the amount of such negative discretionary income.

(2) The amount of negative discretionary income is the amount by which the sum of deductions for offsets and expenses set forth in § 190.43(b) exceeds the amount of income determined in § 190.43(a). (20 U.S.C. 1070a(x)(3)(B)).

**§ 190.45 Computation of standard expected contribution from assets of independent students with a family size greater than one.**

(a) Except as provided for in paragraph (b) of this section, the expected contribution from assets of independent students with dependents shall be an amount determined in the following manner:

(1) Determine the net assets owned by the independent student and the student's spouse.

(2) If the net assets determined in paragraph (a)(1) of this section include farm or business assets as defined in § 190.32 (d) and (j), deduct an asset reserve of \$50,000 from the net assets, except that an asset reserve of no more than \$25,000 may be deducted from non-farm and/or non-business assets. If the net assets determined in paragraph (a)(1) of this section do not include farm or business assets, deduct an asset reserve of \$25,000 from the net assets.

(3) The contribution from the assets of an independent student with a family size greater than one shall be an amount equal to 5 percent of the remainder obtained in subparagraph (2) of paragraph (a).

(b) (1) Where the calculations required by § 190.43(b) produce an amount of negative discretionary income as defined in subparagraph (2) of this paragraph, the expected contribution from assets of an independent student with dependents, calculated in subparagraph (3) of paragraph (a), shall be reduced by the amount of the negative discretionary income.

## PROPOSED RULES

(2) The amount of negative discretionary income is the amount by which the sum of deductions for off-sets and expenses set forth in §190.43(b)(1) through §190.43(b)(4) exceeds the amount of income determined in §190.43(a). (20 U.S.C. 1870a(a)(1)(B))

\* \* \* \* \*

CPR Dec. 78-32478 Filed 8-11-78; 8:48 am.

Senator PELL. Thank you. I have several questions here, but first, when you are required by law to submit the schedule on July 1, why was it a month delayed?

Mr. KORNFIELD. We apologize for that. It was an internal problem, and it should not have been submitted late.

Senator PELL. Try next time to get it in on time.

When the President submitted a budget request, which, as you know, he finally did after some prodding, the request reflected a 10.5-percent rate. The Senate passed legislation that reflects that rate. Why do you propose in the schedule today a rate of 12 percent; in other words, ignoring the 10.5 percent?

Mr. KORNFIELD. Basically, for the same reason I just cited, Senator. We are obligated, of course, as you know, to keep within the \$3.1 billion for this program.

Senator PELL. Excuse me. But if it is in the budget, doesn't that give you the leeway?

It was in the President's budget. Doesn't that give you the leeway you need?

Mr. KORNFIELD. When you include the total package. As you know, there were other changes made in the programs, some space allocations, and to try to live within that total allocation of funds for these student financial assistance programs. The options we had were to establish a 10.5-percent assessment rate and exclude the independent student, or to establish a 12-percent assessment rate and include the independent student.

Senator PELL. In other words, the Senate bill does not take into full account, as you think it should, the independent student?

Mr. KORNFIELD. The Senate bill, as I understand it, just lowers the assessment rate to 10.5 percent and does not provide for equitable treatment of the independent student.

Senator PELL. That is correct, because I am most concerned with the particular problem of the \$25,000 middle-income parents, but I recognize this is a question of approach.

Mr. KORNFIELD. As you may recall, Senator, my very first time appearing before you on this very same subject, when I first came to the Federal Government, one of the conversations we had was that we should look into more equitable treatment of the independent student, which is in fact what we did.

Senator PELL. Why don't you go ahead with these points administratively? Can't you do these things?

Mr. KORNFIELD. If the Senate approves the family contribution schedule and the House does, we certainly can. The only aspect of the bill which would not be included, as far as the total bill, would be the guaranteed student loan program ceiling.

Senator PELL. My understanding is you could have lowered the rate to 10.5 or 12 percent simply by notifying us, is that not correct?

Mr. KORNFIELD. By notifying you?

Senator PELL. Yes. In other words, if you notified the committee.

Mr. KORNFIELD. Yes; lowering the tax assessment rate strictly within the family contribution schedule, and we could lower it to 12 or 10.5 or whatever number is finally determined. We were hoping that—

Senator PELL. If you had done this earlier, you would then have had a way of forestalling the tax credit issue, if you had done that 2 or 3 months ago.

Mr. KORNFIELD. We were hoping that the tuition tax credit issue would have been resolved by now. We understand that the conferees are meeting now on that subject. Once that is out of the way, then the family contribution schedule could then do exactly what we all want, and that is to provide assistance to middle-income families without legislation.

Senator PELL. With your 12-percent administrative change alone and leaving the bill as written, what would be the cost of that change, and what would be the cost of that change with not only the 12-percent rate but the other benefits for independent students that you have outlined?

Mr. KORNFIELD. Well, the figures are in these areas: With the 10.5 percent, with this independent student change, it would be \$3,350 million. Without the independent student, it would be \$3,200 million.

Senator PELL. In other words, as presently written, the present bill?

Mr. KORNFIELD. Yes.

Senator PELL. The independent student adds in \$150 million?

Mr. KORNFIELD. That is right. The independent student treatment would cost the program \$150 million. That is true.

Senator PELL. What, then, would your program, with the 12-percent rate, cost?

Mr. KORNFIELD. If we go to the 12 percent, including the independent student, the program would be approximately \$3.1 billion.

Senator PELL. And without the independent student?

Mr. KORNFIELD. I don't know exactly, but it would be in the order of magnitude; it would be about \$150 million less.

Senator PELL. \$2,950 million.

With your proposed changes, how many new students would be brought into the program?

Mr. KORNFIELD. We are estimating that if we go the route with the family contribution schedule now proposed, there would be approximately another 1 million students. Right now we are serving approximately 2 million students in the basic grant program, and we would be talking about 3 million students.

Senator PELL. Thank you very much.

Is there anything more you care to say?

Mr. KORNFIELD. No.

Senator PELL. If you would, stick around for the next witnesses. Thank you, Mr. Kornfeld.

Our next witness is the representative from the National Association of Student Financial Aid Administrators. Mr. Dallas Martin.

As you know, we are under some time constraints. Your statement is quite short. If you would like to have it put in the record in full and comment on it, it is your choice.

#### **STATEMENT OF DALLAS MARTIN, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS**

Mr. MARTIN. Mr. Chairman, I would like to read our statement considering it is short.

I am Dallas Martin, executive director of the National Association of Student Financial Aid Administrators, and I am accompanied

today by Mr. Neil Bolyard, president of the association. We are pleased to appear before you today on behalf of the major higher education associations regarding the Office of Education's Notice of Proposed Rulemaking governing the basic educational opportunity grant program family contribution schedules.

The higher education community has long supported the creation and expansion of the basic grant program and is indeed appreciative of the efforts on the part of the chairman in insuring that the Pell grants are the basic foundation of our modern student aid programs.

Having reviewed the schedules carefully, we support the change that the Office of Education has proposed under Special Definitions, which redefines the term "parent" to mean the student's natural or adoptive parents. Previous definitions have required other relatives, grandparents and even individuals who willingly have attempted to lend a helping hand to the aid applicant, to assume some responsibility for paying for the student's education. The new definition certainly will eliminate these situations and yet will leave the primary responsibility for educating the children with the true parent.

We also support the adjusted family size offsets which the Office of Education has proposed, and concur with its method of updating, which is based upon the actual increase in the Consumer Price Index as published by the Bureau of Labor Statistics.

We are very disappointed, however, with the assessment rates which the Office of Education has proposed for discretionary income.

Earlier this year, after the chairman of this subcommittee had introduced a viable plan to assist students from middle-income families, the administration introduced and pledged its support to a plan which would expand the existing student aid programs to meet middle-income families' need in helping to finance their children's post-secondary education.

The Secretary of HEW even appeared before a joint Senate and House hearing in this same building to outline the details of that proposal. Yet we find imbedded in this administration's proposed family contribution schedule one alternative which offers a 12-percent assessment rate for discretionary income which is less than the amount contained in S. 2539, as approved by the Senate on August 16, and an amount which is less than the maximum provided for in H.R. 11274. In addition to this alternative, a second alternative is offered which maintains the status quo. Consequently, we must ask, "How committed is this administration to providing expanded student aid alternatives to students from middle-income families?"

We strongly oppose the status quo alternative which has been suggested and are in favor of the 10.5 percent assessment rate which is contained in the College Opportunity Act and the pending Middle-Income Student Assistance Act. The chart which the Office of Education has provided in the proposed rules clearly illustrates that a typical family of four with an adjusted gross income of \$25,000 would not qualify for a basic grant under either of these alternatives, even though this was the benchmark which was stated in the media by this administration. It is true that under alternative A the adjusted gross income is only \$1,550 below the stated \$25,000 income figure, but one wonders why this is the case after all that has been said. Be that as it may, the higher education community still is firmly committed, as we know the chairman of this subcommittee is, to changing the assessment

rate for discretionary income to 10.5 percent, and to fully funding the program for 1979-80 to provide a \$1,800 maximum award.

However, we support the Office of Education's change to raise the nonfarm, nonbusiness asset reserve to \$25,000, and concur with its changes in the criteria for defining an independent student.

We also are generally supportive of the directions the Office of Education has used in establishing the family-size offset for a single independent student. We realize, however, that this will call for some increased funding and that, in certain cases, an individual student could receive a grant in excess of his or her estimated need. For example, a student with an earned income of \$3,450 who attends an institution costing \$3,600 will receive an \$1,800 basic grant. Total funds to this student will be approximately \$5,000 (\$3,450 minus taxes and plus BEOG). Assuming that the school budget is for 9 months and based on a \$3,400 annual living cost, the student needs \$850 in living expenses for the remaining 3 months of the year; the student's total annual costs are \$4,450. The result is that the combined wages plus BEOG award exceed need as calculated by the Office of Education by \$550.

The major problem with the current situation for independent students is that the cost of education budgets allowed by basic grants are minimal and do not offset actual living expenses, which many students face. We recommend that BEOG budget standards be revised to more adequately cover the actual average costs which students face, and that the family-size offset for single independent students be revised to adequately reflect the 3-month living costs incurred by a single person.

If the budget standards cannot be revised, then we would favor an increase in the family-size offset in the direction that is being proposed.

We also wish to commend the Office of Education for the change made in the treatment of assets of independent students with dependents. Last year we testified before this subcommittee on the family contribution schedules, and indicated at that time that the 33-percent taxation rate on independent students with dependents was imposing an unrealistic expectation on these students. The changes that have been proposed in these regulations will help to remove the financial barriers that have made it virtually impossible for the divorced or widowed mother or father with children who has minimal equity in a home, to obtain a postsecondary education.

This concludes our formal comments. Let me say as an aside, we, too, are dismayed by the fact that the family contribution schedules were not presented to Congress by July 1. We have reached a point in terms of timing that is very critical to the whole basic grants process. Already many of the forms are in their final design stages, so changes in definition at this time are virtually impossible to incorporate. We hope in the future that this process is done in a timely manner so we don't find ourselves in the situation we are in today.

Senator PELL. The question I would like to ask you is—let me say this differently. What you and I are saying is we think the Office of Education is correct in helping the independent students. We also feel we should expand basic grants to the \$25,000 family income level. So what we are both saying is more money should be spent on this program.

Mr. MARTIN. Right.

Senator PELL. What we are facing is a budgetary limitation. There is just so much money. Maybe they are right, that the independent student should be helped and we should not help the family with an income of \$24,000. I don't agree with that, but I can understand the administration's argument, because there is just so much money.

Now, if you were limited in the amount of money, would you have divided it up the way the Office of Education did, lowering it to \$23,000 and helping the independent student, or would you have left it the way the Senate bill does, to go to \$25,000 and not help the independent student?

Mr. MARTIN. Let me say, going back to last year, it was clear to me before the hearings in this committee and the hearings in the House, there was a strong interest on the part of all parties to do something to work out the inequities that existed with the independent student.

It seemed to me at that time we had concurrence from people at HEW, who said, "yes". In other words they agreed that this problem would be taken care of once we got into the independent student issue this year.

Later when we began discussions in terms of expanding middle income student assistance, we weren't talking about the independent student. We were talking about helping middle income families, and I watched the administration give us figures. They were going to see to it that students who had families with incomes of \$25,000 would receive the minimum basic grant award.

Therefore, at the time they made their budgets, they were aware of both of these factors, and it is hard for me to figure out why these two factors were not taken into consideration. Now we are dealing with the budgetary constraint they have given us at this time. So a choice has to be made; do we choose the 12 percent and take care of the independent student, or do we renege on the promises we made to the American people?

It seems to me that there should not be a trade-off but rather we should do both. If that is impossible, then I would like to suggest we do something to help these independent students, because a lot of these are older returning adults that need that assistance. I am disappointed however that we have to drop our assessment rate to 12 percent to accommodate these students.

Senator PELL. In other words, in essence, if you were faced with the unhappy choice where you just have so much money in the pot, you would come out the way the administration did?

Mr. MARTIN. I can't speak for all of the associations that have signed on this testimony. I can only speak for NASFAA. As far as we are concerned, we feel it is an inequity that should have been dealt with before, and we approve of moving in that direction.

Senator PELL. Even a greater inequity.

All right. How many more independent students in your view would be eligible for basic grants under this schedule if it were adopted?

Mr. MARTIN. I don't have the exact figures, Mr. Chairman. I can get those for you.

Senator PELL. I think I will ask the administration. Mr. Voigt, how many additional independent students would be eligible?

Mr. VOIGT. A rough guess, Mr. Chairman, about 100,000 additional students, and those that are already eligible would get larger awards where they would be included.

Senator PELL. Thank you very much.

In general, the other adjustments in the schedule you would agree with?

Mr. MARTIN. Yes; we would.

Senator PELL. Thank you very much.

The final witness is John Phillips, president of the National Association of Independent Colleges and Universities.

We have a couple of questions, Mr. Martin, we would like to submit for the record, including one about the Huff Panel report. What is your reaction to the Huff Panel's recommendations, and do you think the Office of Education should implement this now or wait for a year? If you have a quick reaction, please tell me now.

Mr. MARTIN. Mr. Chairman, let me make a couple of comments on this. As you know, we have long been critical of the inequities that have existed in the tripartite panel process, and subsequently last year interim proceedings were placed into effect to deal with this problem.

Last year's system, while simpler, also caused some real inequities because proper care was not given to see what would happen with the 10 percent discretionary money. We had institutions last year, under the interim procedures, that got hurt not through default rates and utilization of funds, but because of shifts in funds between States. So we do not think we can live with these interim solutions again.

If we delayed the Huff panel recommendations that are soon to come forth in the formal proposed rulemaking process, we would be forced to go back to those same inequitable procedures we used last year.

We have looked at the Huff panel recommendations carefully. There are some unknowns. We don't have the data today to go through the simulations that are necessary to make an objective decision. However, we feel at this point that it is probably a better alternative than going back and using the inequitable system of last year.

We also believe that the Office of Education has provided some safeguards for the whole process. We have checked the formulas carefully, and they have promised to hold institutions harmless, so they won't be hurt. If we use the process as a one-year step, collect the information, and look at what we can do to improve the situation, I think we will be moving forward in a positive direction.

Senator PELL. Thank you very much.

The committee will feel free to submit questions to you.

Our next witness is Mr. John Phillips, president of the National Association of Independent Colleges and Universities.

#### **STATEMENT OF JOHN PHILLIPS, PRESIDENT, NATIONAL ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES**

Mr. PHILLIPS. My name is John Phillips. I am President of the National Association of Independent Colleges and Universities, an organization which endeavors to serve as the national voice of America's 1,500 independent nonprofit colleges and universities and the two million students enrolled in those higher educational institutions.

I appear before the committee today not to dwell further on the technical aspects of the proposed family contribution schedules for the basic grant program—which Dallas Martin is discussing in testimony to which NAICU subscribes—but rather to offer some general observations about the essential nature and purpose of these proposals which I hope will be helpful to the subcommittee in its deliberations.

By way of background, I should like to recall the testimony delivered by Secretary Califano on February 9, 1978, at a joint hearing of the Senate Committee on Human Resources and the House Committee on Education and Labor. Specifically, I should like to recall the fundamental commitment which Secretary Califano made on that occasion to secure whatever budget authority and/or legislative changes were required to:

Guarantee a \$250 grant to 2.8 million students from families with an annual income of up to \$25,000, including assistance to at least 2 million students in the \$16,000 to \$25,000 range who had not previously participated in the GEOG's programs.

Senator PELL. I would interrupt here to point out that, if my recollection is correct, the original administration proposal was really a backdoor tax credit proposal because it did not really offer much help to middle-income families in the \$16,000 to \$25,000 range.

Mr. PHILLIPS. It left a flat \$250 all the way from \$16,000 to \$25,000.

Senator PELL. Right.

Mr. PHILLIPS. But the basic commitment to secure at least the \$250 grant for people up to \$25,000 is the commitment to which I am alluding.

Senator PELL. All right.

Mr. PHILLIPS. A lot of things have happened since that day nearly 8 months ago when Secretary Califano delivered that commitment to the Congress. We've had a most encouraging sign from the Senate in its passage of the College Opportunity Act by a strong vote of 65-27, and another encouraging sign from the House in its passage of a Labor/HEW appropriations bill for fiscal year 1979 which includes a \$1.2 billion increase for basic grants to finance that basic commitment to students from middle-income families which Secretary Califano pledged last February. But we've also suffered some serious discouragements, most notably the lack of House floor action on the Middle-Income Student Assistance Act, and the lack of increased funding for basic grants in the Senate version of the fiscal year 1979 appropriations bill.

At this point, Mr. Chairman, it seems to me that the fate of the administration's commitment of last February rests very heavily, if not primarily, on the strength and the clarity of that commitment, and the determination of the administration to see that commitment through to fruition in this session of Congress.

Viewed in this context, your subcommittee's consideration of the proposed family contribution schedules is not just a technical review, but rather a critically important element in the determination of basic Federal student aid policy for the years immediately ahead. And when you strip away all of the technical provisions about family size offsets, exclusions of assets, et cetera, the key policy issue is the assessment rate for discretionary income.

The only piece of legislation which has passed either house of the Congress specifies a 10.5-percent assessment rate. Further, as I under-

stand it, the appropriations bill which has passed the House contains sufficient BEOG funds to finance student awards based on the 10.4-percent assessment rate, and fulfill the commitment to middle-income students which the administration has stated it seeks to guarantee.

Yet the family contribution schedules which the administration has proposed completely ignore the 10.5-percent rate and advocate reducing it only to 12 percent. And further, the administration proposes to continue the present inequitable 20/30 assessment rates "if a tax credit bill is enacted into law."

I am among those who believe that the commitment made last February by the administration to guarantee at least a \$250 basic grant for all middle-income students was both serious and sincere, and not just a waffling, will-of-the-wisp proposal thrown up to counter the momentum of tuition tax credit legislation. But the basic notion of extending the helping hand of basic grants only part of the way, with the 12-percent rate, and then threatening to cut it off entirely if the Congress should decide to enact tuition tax credits, inevitably raises serious doubts about the sincerity and seriousness of the administration's commitment to its own proposal. And those doubts, if they are not instantly removed, could very well rise up to defeat the entire initiative upon which the chairman and members of his subcommittee, and your colleagues in the House, have labored so long and so hard in concert with the administration over these last 8 months.

Taking all of these pressing and immediate circumstances into account, I would hope, Mr. Chairman, that some accommodation might be reached to remove alternative B entirely from the proposed family contribution schedules, and to substitute a 10.5 percent assessment rate for the proposed 12 percent rate in what is now described as alternative A—so we could all move forward together with a clean, clear and unambiguous guarantee that students from middle-income families really will receive at least a \$250 basic grant beginning with the 1979-80 school year.

I very much appreciate the opportunity to offer these comments for consideration by the subcommittee, and would be most happy to respond to any questions you may have for me.

Senator PELL. Obviously, I agree with you completely that the bill we have presently reposing in the Rules Committee in the House is the answer, although it has one weakness. It doesn't help the independent student. I am just curious if you had to make the hard choice between the 12 percent rate and helping the independent student or the 10.5 percent and not helping the independent student, if you have the pot of money, which we seem to have, which would you take?

Mr. PHILLIPS. I suspect I would give the first priority to the lower income-assessment rate. It strikes me the main impetus in this congressional session is to deal with an overwhelming social problem of finding appropriate relief to assist middle-income students in meeting the costs of higher education.

Senator PELL. You would keep the rate at—

Mr. PHILLIPS. I would do as much as I possibly could to help the independent student within whatever funding is available, but I would give priority to the income assessment rate. If that is left uncertain, it seems to me we are in a constant state of difficulty with the alternative program proposals of which you are well aware.

Senator PELL. In other words, you prefer the Senate bill as passed to the administration proposal?

Mr. PHILLIPS. Absolutely.

Senator PELL. Yes. All right. We are faced with, as you know, not too many options. We can do nothing, that normal option that Congress often takes. We could try to persuade the administration through convincing reasoning to adopt the 10.5-percent assessment rate. We could formally disapprove the schedule. Those are the options we have. What would you do?

Mr. PHILLIPS. Mr. Chairman, I would suggest, as I did in the closing section of my written statement, that at the very least, alternative B must be removed from this family contribution schedule; that if we are in a situation where other Members of this Congress can look and see that the commitment to the expansion of the basic grant program to deal with these middle-income students is waffled with a threat that we will keep the same income assessment rate if for some reason tax credits should become law. That is just intolerable. As far as I am concerned, for us to present to the public a notion that there are two different ways of going about this, and we will do one if we get the right legislative outcome but we will pull back and do nothing to change the system if we don't get the right legislative outcome; that jeopardizes the whole foundation of public confidence in the proposals that this administration has said it supports since last February.

Senator PELL. It does, and I know that.

Mr. PHILLIPS. If I may add one additional comment, Mr. Chairman, it also seems to me that it puts us in a very difficult position to achieve success in the Senate appropriations process, so long as there is this kind of "now you see it now you don't" characterization of these family contribution schedules. And after all, the bottom line is the money.

Senator PELL. Of course, once the President vetoes alternative B, that is that. Then it is moot.

Mr. PHILLIPS. One would suppose that is the case, yes, sir.

Senator PELL. I do believe, because I just checked with the administration again, it seems to be the profound conviction that the President will veto this bill.

Mr. PHILLIPS. In that case then, sir, there is no need for alternative B to be built into the family contribution schedules, is there?

Senator PELL. No. I would agree.

Another risk that has been brought to my attention is, if the President does veto it, that same unfortunate tax credit provision could be attached to the main tax bill, and we could be faced with it in that case, and the administration may have had this unpleasant thought in the back of its mind as well.

Mr. PHILLIPS. Well, but even faced with those kind of murky contingencies, it strikes me that the first level of successful strategy to deal with the situation is to establish confidence that the administration really supports what it says it supports. And it strikes me that building contingency schedules into a statement about the rules under which students are going to be awarded basic grants, beginning, really, only in a few months, simply undermines this basic confidence.

Senator PELL. All right. I would also like you to give us your reaction to the recommendations of the Huff panel. What do you think about those recommendations?

Mr. PHILLIPS. Mr. Chairman, I used to have some responsibility for the administration of these programs, and I would concur with the general commentary which Dallas Martin gave you in response to your earlier question.

There is an enormous and pressing need to move ahead with some rationalization of the distribution system here, and in that regard we have to be admiring and respectful of the efforts that have been made by the Office of Education to straighten it out.

The concern that I have is that while there has been a good deal of staff consultation back and forth, it strikes me that a system of regulations such as is being proposed has certain potential and observable legislative ramifications which ought to be much more seriously considered and evaluated before we put a system of new regulations into place.

It strikes me that it is at least unfortunate that these regulations are coming at a time scarcely a year before we will be going through the process of reauthorization for the Higher Education Act.

My view is that a lot of the inequities that are reported in the system have been documented are traceable as much to difficulties with the State allotment formulas and the 10-percent discretionary factors, and it is very difficult to keep separate those legislatively mandated problems from those that are simply the problems of administration.

I would hope that we would at least take a look at the two or three basic points in those regulations which could, it seems to me, limit the capacities for careful legislative review of the basic legislation.

Senator PELL. Thank you very much indeed.

I would also add that I would hope that before the administration moves ahead on the Huff panel recommendations, they consult with our committee prior to doing so, and they keep us informed in that regard.

I would also add there will be some additional questions for the record on this subject.

Mr. PHILLIPS. Very good.

Senator PELL. I say we are faced with very unpleasant options in the committee, either to do nothing, to accept, or to reject.

Mr. PHILLIPS. Is it possible, Mr. Chairman, under the language of the law to disapprove certain portions of the proposal and let the rest stand, or is that not an option that is available to you?

Senator PELL. The lawyers that surround me tell me that it is an unprecedented act and the law is vague on this issue, but it is a thought and we will pursue that possibility.

Mr. PHILLIPS. As I say, it is something of an unprecedented situation to have a family contribution schedule come up to your committee with options based on the authority of the Congress to act on legislative matters.

Senator PELL. That is a very interesting thought, and we will take it into consideration.

Thank you for your time. Thank you very much indeed for being with us on such short notice this afternoon.

At this point we will insert into the printed record the additional material just referred to.

[The following material was subsequently supplied for the record:]

HARRISON A. WILLIAMS, JR., M.D., CHAIRMAN  
 ROBERTO RODRIGUEZ, W. VA.  
 CLAUDE PELL, N.J.  
 EDWARD H. R. JONES, MASS.  
 RAYMOND FIELD, I. WIS.  
 THOMAS P. EAG, CTNH, MD.  
 ALAN CALVERT, CALIF.  
 WILLIAM D. BATHURST, MAINE  
 DONALD W. BIDDLE, JR., MISS.

JACOB E. JONES, N.Y.  
 RICHARD S. SCHWARTZ, PA.  
 ROBERT V. STAFFORD, VT.  
 GUYEN B. STEIN, UTAH  
 JOHN H. GUNDEL, N.J.  
 S. J. NATHERAL, CALIF.

STEPHEN J. PARSONS, GENERAL COUNSEL  
 AND STAFF DIRECTOR  
 MARJORIE M. WHITMAN, CLERK

## United States Senate

COMMITTEE ON HUMAN RESOURCES  
 WASHINGTON, D.C. 20510

September 28, 1978

Dear Ernie:

During the 96th Congress, the Committee on Human Resources will consider legislation on expiring programs of student financial aid authorized by the Higher Education Act. These programs have a goal of removing financial barriers while allowing each student to choose the postsecondary institution which best suits his needs and abilities. A principal feature is a recognition of the diversity of institutions and their varying costs to the student. The Committee has always produced legislation which creates a balance between publicly supported and independent institutions. I believe it is critically important that the balance among sectors in the educational community be maintained.

The New York State Commission on Independent Colleges and Universities has provided the Committee with information on the distribution of funds to independent colleges and universities in my State. Their inquiry raises several important issues affecting the distribution of funds between public and independent institutions. It also requests that adequate consultation be maintained with independent institutions. I have enclosed copies of these materials.

The distribution of funds to institutions under the campus-based programs is determined by a combination of state distribution formulas established by law and the distribution within a state established by regulation of the Commissioner. This latter factor is presently being altered as a result of a needed review undertaken through your leadership. On November 8, 1977, I wrote you endorsing such a review, and I commend you and your staff for the efforts to improve this process. However, the proposed regulations may have major impact on the independent sector. Both statutory and regulatory effects must be considered in the reauthorization.

As the Department is presently preparing its legislative recommendations on student aid for submission to the Congress, I request that the three issues raised in the September 21 letter from CICU be specifically addressed when the Department's recommendations are prepared. Additionally, I request that your staff maintain adequate consultation with representatives of independent schools in my State on issues of funds distribution from both changes in regulations and proposed changes in law.

Boyer

-2-

September 28, 1978

I hope that the Department will work closely with the Committee on the complex and vital programs of student aid. Based on your accomplishments and service to higher education in New York, I am sure that your assistance in this matter can greatly aid the Committee in its upcoming review of the Higher Education Act.

With best wishes,

Sincerely,

*Jacks*  
Jacob K. Javits

Honorable Ernest L. Boyer  
The Commissioner of Education  
U.S. Office of Education  
Department of HEW  
Washington, D.C. 20202

Enclosures



Commission on Independent Colleges and Universities  
(518) 436-4781 37 Elm Street, Albany, New York 12224

Office of the President

26 September 1978

SEP 29 1978

Hon. Jacob K. Javits  
United States Senate  
Senate Office Building  
Washington, D.C. 20510

Dear Jack:

We are concerned that students enrolled at New York independent institutions of higher education are being shortchanged under various federal student aid formulas. Enclosed is a copy of a letter we sent to Deputy Commissioner Leo Kornfeld of the U.S. Office of Education in which we request an explanation of this disparity.

If our data prove to be accurate, it appears that present federal policy serves as a disincentive for states which make the most effort in aiding students and also penalizes institutions which tax themselves to provide support for needy undergraduates. This can have very severe negative impact upon New York State's fiscal position since the federal student aid formulas serve to make enrollment in the government sector institutions (City University and State University) more attractive. It costs New York State and New York City taxpayers five to six times more per full-time equivalent (FTE) student attending SUNY and CUNY than it does for each student attending independent colleges and universities in our state.

Thus, the federal formulas are replicating rather than complementing state tax levy expenditures for higher education. In the process they are limiting student choice and adding to the burden of New York State taxpayers.

Your interest in this matter would be appreciated by the member institutions, officers and trustees of our commission.

Sincerely,

Henry D. Paley

HDP:paf

Enclosures



Commission on Independent Colleges and Universities  
 (516) 416-4781 37 Elm Street Albany, New York 12224

Office of the President

12 September 1978

Mr. Leo Kornfeld  
 Deputy Commissioner for Student  
 Financial Assistance  
 Office of Education  
 Department of HEW  
 400 Maryland Avenue, S.W.  
 Washington, D.C. 20201

Dear Mr. Kornfeld:

We have requested Assistant Secretary Mary Berry to delay change in the formula used to distribute 1978-79 federal student aid until we could more clearly ascertain impact upon students enrolled in various sectors of New York State's system of higher education. The Office of Education has set what we feel is an unreasonable time frame for critical analysis since the proposed regulations appeared September 1 in the Federal Register and revised application forms have been at our campuses for several days.

Pressed with the urgency of the situation, our staff has been analyzing comparative data on the 1976-77 funding of various federal student aid programs by state and sector. We cannot limit ourselves to campus-based programs, as they are but a portion of the total aid package for our students. From initial findings, I can only conclude that in New York State students enrolled at independent sector institutions are gravely short-changed relative to the government-sponsored sector in virtually every federal student aid category. Moreover, New York independent sector students appear underfunded relative to the other 49 states where average independent sector student charges are much lower.

The following discussion of statistics is based on data in the enclosed tables. Please review the attachments to assure yourself that we have not taken the figures out of context.

The most significant disparity is with BEOG. In BEOG, a program aimed at basic aid to all needy students, New York State independents receive aid which ranks 31st among the 50 states on an FTE basis, with \$139 per FTE. The government-sponsored sector composed of the State University of New York (SUNY) and the City University of New York (CUNY), ranks 3rd among government sponsored sectors nationally with \$265 per FTE. In order of ranking the first three states in independent and government sectors were:

clcu

Mr. Leo Kornfeld  
12 September 1978  
Page 2

| Ranking | Independent Sectors |             | Government Sectors |             |
|---------|---------------------|-------------|--------------------|-------------|
|         | State               | Aid per FTE | State              | Aid per FTE |
| 1       | Alabama             | \$527       | Mississippi        | \$340       |
| 2       | Nevada              | 493         | South Dakota       | 282         |
| 3       | Mississippi         | 491         | New York           | 265         |
| --      | ---                 | ---         | ---                | ---         |
| (31)    | New York            | 139)        |                    |             |

This is not peculiar to BEOG. The same is true of federally funded campus based student aid distributions as well.

SEOG is supposed to be of a particular advantage to independent sector students. But the New York State independent sector ranks 45th nationally with \$25 per FTE. SUNY/CUNY rank much higher -- 16th with \$29 per FTE. The independent sector, with 43% of New York's FTE enrollment, receives 42% of the State's SEOG allocation. While it seems fair, it clearly is not if nationally all independent institutions, with 21% of the national enrollment, receive 37% of the total national SEOG program support. Few states have larger independent sectors than New York and yet the greater need in New York and the greater numbers of students is not reflected in our share of federal SEOG aid.

The same disproportionate pattern is repeated in College Work Study and National Direct Student Loans:

College Work Study, 1976-77

NYS, Independent Sector                   \$39 per FTE, 45th nationally  
NYS, Government Sector (SUNY/CUNY)   \$41 per FTE, 32nd nationally

Shares of Aid Compared to Shares of FTE Enrollment

NYS Independent                   42% of CWS aid for 43% of New York's  
                                          total FTE enrollment  
U.S. Independent                   39% of CWS aid for 21% of national total  
                                          FTE enrollment

If SEOG and CWS aid were more proportionate to independent student need, the disproportionate burden of long standing debt obligations would not be as great for the New York independent sector student:

National Direct Student Loans, 1976-77

NYS, Independent Sector           \$47 per FTE, 39th nationally  
NYS, Government Sector           \$29 per FTE, 39th nationally

Mr. Leo Kornfeld  
12 September 1978  
Page 3

Shares of Aid Compared to Shares of FTE Enrollment

|                  |                                                                  |
|------------------|------------------------------------------------------------------|
| NYS Independent  | 55% of State NDSL Aid for 43% of New York's total FTE enrollment |
| U.S. Independent | 36% of total NDSL Aid for 21% of national FTE enrollment         |

Our low ranking and sharply higher need relative to other states is aggravated by the fact that in many states the federal per student aid is double or even triple that received in New York. For example, in College Work Study, New York independents receive a payout of about \$39 per FTE while the three top ranking independent sectors (North Dakota, New Mexico, Mississippi) all receive in excess of \$175 per FTE.

An exacting interpretation of the impact of the new campus-based plan is impossible without understanding inadequacies in the present federal aid delivery system. If there exists these discrepancies in student aid funding between states and among sectors under the present system, it leads me to believe regulation based on historical funding needs will only perpetuate these inequities.

I would like you to advise us if the above facts are correct. If the facts are substantially accurate, I would like to know the reason and I would also like to know the statutory or regulatory basis for the existing distribution.

Your prompt response to these critical questions is most urgent. We believe you share with us the philosophy that sound federal student aid policy should encourage institutional and state effort. It appears to us that the impact of the present formulae provides massive disincentive for both institutional and state effort. The independent sector institutions in New York State are highly conscious of their public mission which is to provide both access and choice of quality higher education to all segments of our population. Given the severe fiscal stringencies which have beset our state over recent years, you can appreciate our sensitivity to the need for a fair and equitable share of federal funds.

Sincerely,

*Henry D. Paley*  
Henry D. Paley

RDP/rl  
Attachments

# cIcu

Commission on Independent Colleges and Universities

(518) 436-4781

37 Elm Street, Albany, New York 12224

Office of the President

21 September 1978

Mr. Gregory Fusco  
 Minority Staff  
 Subcommittee for Education, Arts and Humanities  
 Room 4222, Dirksen Building  
 Washington, D.C. 20510

Dear Greg:

I wish to follow up on my August 30 letter to you. The problem of the alarming disproportionate shares of federal aid received by New York's independent sector continues.

Enclosed is a copy of correspondence to Leo Kornfeld in which I reiterate some of the same startling findings I reported to you earlier. I have asked him to verify my figures and, if they are correct, to explain why it is that the federal student aid per FTE in New York's independent sector is well below that of the tax-supported government-sponsored sector and well below that of independent sectors in most other states.

My staff has completed the statistical comparison of per student funding for five federal aid programs received by government-sponsored and independent sectors in the fifty states. Attached to the Kornfeld letter are the following tables:

- TABLE I: FIVE FEDERAL STUDENT AID PROGRAMS: Rank Order of Average Per Student Funding Received by Public Sectors in Fifty States, 1976-77
- TABLE II: FIVE FEDERAL STUDENT AID PROGRAMS: Rank Order of Average Per Student Funding Received by Independent Sector in Fifty States, 1976-77
- TABLE III: SUMMARY OF FIVE FEDERAL STUDENT AID PROGRAMS IN 14 POPULOUS STATES: A Ranking of Average Per FTE Student Funding by Sector and by State, 1976-77
- TABLE IV: FIVE FEDERAL STUDENT AID PROGRAMS: A Comparison of Percentage of Total Funding and Percentage of Total Enrollment by Size of Student Enrollment at Independent Institutions in the State, 1976-77

cicu

Mr. Gregory Fusco  
21 September 1978  
Page 2

My purpose in sending them to you is so that you can see we have not taken figures out of context. It would appear that the yield of this analysis makes understandable New York independent sector enthusiasm for various tax credit proposals.

There are several considerations regarding the campus-based formulae which it seems to me a New York State representative in Washington ought to have up front in considering federal policy in this field:

- Are we being penalized because of state or institutional effort?
- Is the construction of federal formulae such that the tuition gap between government and independent institutions is exacerbated in New York, thereby driving a larger share of the enrollment to the government sector which carries the highest state and local tax cost?
- Why are the formulae not sensitive to student costs in the northeast and in independent sectors?

As we continue to work the numbers over and learn more about aid recipient profiles for campus-based aid programs and other aid programs, I will keep you informed of our findings. We want to find serious alternatives to the present formulae.

I am sure your office will be more successful in generating a response from Mr. Kornfeld than us.

Cordially,

*Henry D. Paley*

Henry D. Paley

HDP:DG:rl  
Encls. above

TABLE 1.

## FIVE FEDERAL STUDENT AID PROGRAMS:

Rank Order of Average Per Student Funding  
Received by Public Sectors in Fifty States

1976-77

Prepared by:

cicu  
37 Elk Street  
Albany, New York 12224

From information provided by  
Virginia Fadil, Director of Research,  
NAICU: Washington, D.C.

August, 1978

## SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

Rank Order of Per FTE Funding in 50 Public Sectors  
1976-77

| State                | SEOG<br>Appropriation<br>Funding | Student<br>FTEs* | \$<br>Per FTE | Rank |
|----------------------|----------------------------------|------------------|---------------|------|
|                      | b                                | c                |               |      |
| Alabama              | \$ 1,786,586                     | 50%              | 107,978       | 14%  |
| Alaska               | 332,616                          | 94               | 8,701         | 96   |
| Arizona              | 2,779,307                        | 81               | 110,703       | 96   |
| Arkansas             | 944,282                          | 76               | 47,303        | 84   |
| California           | 22,575,233                       | 84               | 937,865       | 87   |
| Colorado             | 3,162,408                        | 85               | 109,251       | 91   |
| Connecticut          | 1,359,880                        | 45               | 64,150        | 61   |
| Delaware             | 424,883                          | 73               | 20,783        | 85   |
| District of Columbia | 964,708                          | 56               | 8,663         | 15   |
| Florida              | 3,407,450                        | 60               | 206,804       | 80   |
| Georgia              | 1,623,248                        | 46               | 106,878       | 79   |
| Hawaii               | 658,629                          | 81               | 34,526        | 95   |
| Idaho                | 562,760                          | 79               | 23,502        | 77   |
| Illinois             | 6,926,633                        | 63               | 305,189       | 73   |
| Indiana              | 3,551,900                        | 67               | 127,895       | 73   |
| Iowa                 | 1,316,411                        | 37               | 72,538        | 69   |
| Kansas               | 1,561,078                        | 61               | 81,701        | 87   |
| Kentucky             | 1,864,997                        | 73               | 84,159        | 82   |
| Louisiana            | 2,330,805                        | 77               | 107,929       | 86   |
| Maine                | 3,598,495                        | 80               | 23,214        | 71   |
| Maryland             | 3,025,563                        | 72               | 122,120       | 85   |
| Massachusetts        | 4,201,595                        | 42               | 121,225       | 43   |
| Michigan             | 7,085,184                        | 64               | 293,514       | 86   |
| Minnesota            | 4,448,225                        | 62               | 111,611       | 76   |
| Mississippi          | 1,991,524                        | 72               | 73,737        | 90   |
| Missouri             | 2,395,814                        | 56               | 117,196       | 69   |
| Montana              | 590,735                          | 79               | 23,318        | 91   |
| Nebraska             | 772,827                          | 51               | 49,212        | 80   |
| Nevada               | 436,994                          | 100              | 16,899        | 99   |
| New Hampshire        | 1,240,901                        | 65               | 19,050        | 57   |
| New Jersey           | 3,478,536                        | 71               | 152,254       | 74   |
| New Mexico           | 1,688,047                        | 76               | 39,549        | 94   |
| New York             | 11,830,580                       | 58               | 409,016       | 57   |
| North Carolina       | 2,836,591                        | 55               | 153,728       | 76   |
| North Dakota         | 1,518,132                        | 79               | 24,812        | 93   |
| Ohio                 | 5,390,498                        | 58               | 258,837       | 75   |
| Oklahoma             | 1,691,238                        | 69               | 96,694        | 85   |
| Oregon               | 4,132,525                        | 84               | 92,216        | 87   |
| Pennsylvania         | 4,898,341                        | 49               | 220,805       | 59   |
| Rhode Island         | 484,977                          | 36               | 22,187        | 48   |
| South Carolina       | 1,303,251                        | 55               | 76,011        | 76   |
| South Dakota         | 917,532                          | 56               | 18,667        | 71   |
| Tennessee            | 1,857,001                        | 48               | 106,483       | 73   |
| Texas                | 6,777,359                        | 68               | 404,810       | 86   |
| Utah                 | 1,589,545                        | 94               | 43,963        | 62   |
| Vermont              | 1,792,005                        | 68               | 14,060        | 56   |
| Virginia             | 2,436,192                        | 64               | 150,358       | 85   |
| Washington           | 4,754,722                        | 73               | 156,542       | 88   |
| West Virginia        | 1,044,619                        | 57               | 50,730        | 85   |
| Wisconsin            | 8,017,727                        | 84               | 161,282       | 86   |
| Wyoming              | 406,723                          | 100              | 14,357        | 100  |

\*FTE = full-time + 1/3 part-time opening fall 1976 enrollment

b % of state's total SEOG funding

c % of state's total FTE enrollment

## COLLEGE WORK STUDY PROGRAM

Rank Order of Per FTE Funding in 50 Public Sectors  
1976-77

| State                | C W S<br>Appropriation<br>Funding |     | Student<br>FTEs* | \$<br>Per FTE | Rank |
|----------------------|-----------------------------------|-----|------------------|---------------|------|
|                      | b                                 | c   |                  |               |      |
| Alabama              | \$ 5,881,511                      | 76% | 107,978          | \$ 54.7       | 18   |
| Alaska               | 505,829                           | 96  | 3,701            | 65.7          | 14   |
| Arizona              | 3,816,857                         | 98  | 110,703          | 80.7          | 8    |
| Arkansas             | 3,171,804                         | 80  | 47,303           | 67.1          | 11   |
| California           | 28,839,546                        | 82  | 937,865          | 30.8          | 50   |
| Colorado             | 5,036,504                         | 88  | 109,251          | 46.1          | 25   |
| Connecticut          | 2,402,364                         | 66  | 64,150           | 37.4          | 40   |
| Delaware             | 747,430                           | 77  | 20,783           | 36.0          | 43   |
| District of Columbia | 1,043,625                         | 42  | 8,663            | 120.5         | 3    |
| Florida              | 8,016,422                         | 73  | 206,804          | 38.8          | 17   |
| Georgia              | 4,981,918                         | 57  | 106,878          | 46.6          | 23   |
| Hawaii               | 1,256,681                         | 91  | 34,526           | 36.4          | 42   |
| Idaho                | 1,394,797                         | 94  | 23,502           | 59.3          | 16   |
| Illinois             | 12,302,161                        | 73  | 305,189          | 40.3          | 34   |
| Indiana              | 5,547,119                         | 73  | 127,895          | 43.4          | 27   |
| Iowa                 | 2,226,884                         | 49  | 72,538           | 30.7          | 51   |
| Kansas               | 2,735,244                         | 72  | 81,701           | 33.5          | 49   |
| Kentucky             | 3,920,410                         | 59  | 84,159           | 46.6          | 24   |
| Louisiana            | 7,363,583                         | 84  | 107,929          | 68.2          | 10   |
| Maine                | 4,221,746                         | 87  | 23,214           | 181.9         | 2    |
| Maryland             | 4,186,434                         | 71  | 122,120          | 34.3          | 47   |
| Massachusetts        | 8,012,466                         | 42  | 121,225          | 66.1          | 13   |
| Michigan             | 11,136,342                        | 82  | 293,514          | 37.9          | 38   |
| Minnesota            | 6,555,579                         | 74  | 111,611          | 58.7          | 17   |
| Mississippi          | 4,733,077                         | 76  | 73,737           | 64.2          | 15   |
| Missouri             | 4,960,951                         | 77  | 117,196          | 42.3          | 28   |
| Montana              | 2,124,243                         | 89  | 23,318           | 91.1          | 6    |
| Nebraska             | 1,989,232                         | 80  | 49,212           | 40.4          | 33   |
| Nevada               | 710,496                           | 99  | 16,899           | 42.1          | 30   |
| New Hampshire        | 2,253,914                         | 68  | 19,050           | 118.3         | 4    |
| New Jersey           | 5,470,090                         | 62  | 152,254          | 35.9          | 44   |
| New Mexico           | 3,173,656                         | 87  | 39,549           | 80.2          | 9    |
| New York             | 16,597,412                        | 58  | 409,016          | 40.6          | 32   |
| North Carolina       | 5,242,757                         | 54  | 153,728          | 34.1          | 48   |
| North Dakota         | 1,648,975                         | 79  | 24,812           | 66.5          | 12   |
| Ohio                 | 8,957,642                         | 58  | 258,837          | 34.6          | 46   |
| Oklahoma             | 4,061,937                         | 85  | 96,694           | 42.0          | 31   |
| Oregon               | 7,871,622                         | 86  | 92,216           | 85.4          | 7    |
| Pennsylvania         | 8,366,596                         | 50  | 220,805          | 37.9          | 39   |
| Rhode Island         | 866,296                           | 41  | 22,187           | 39.0          | 36   |
| South Carolina       | 3,555,752                         | 61  | 76,011           | 46.8          | 22   |
| South Dakota         | 2,164,693                         | 75  | 18,667           | 116.0         | 5    |
| Tennessee            | 4,180,293                         | 55  | 106,483          | 39.3          | 35   |
| Texas                | 14,751,074                        | 71  | 404,810          | 36.4          | 41   |
| Utah                 | 2,160,406                         | 96  | 43,963           | 49.1          | 20   |
| Vermont              | 2,692,945                         | 75  | 14,060           | 191.5         | 1    |
| Virginia             | 5,354,838                         | 69  | 150,358          | 35.6          | 45   |
| Washington           | 6,607,933                         | 81  | 156,542          | 42.2          | 29   |
| West Virginia        | 2,421,261                         | 70  | 50,730           | 47.7          | 21   |
| Wisconsin            | 7,333,943                         | 90  | 161,282          | 45.5          | 26   |
| Wyoming              | 755,407                           | 100 | 14,357           | 52.6          | 19   |

\* FTE = Full-time + 1/3 part-time opening fall 1976 enrollment  
b % of state's total CWS funding

## NATIONAL DIRECT STUDENT LOAN PROGRAM

Rank Order of Per FTE Funding in 50 Public Sectors  
1976-77

| State                | NDSL<br>Appropriation<br>Funding |     | Student<br>FTEs* |     | \$<br>Per FTE | Rank |
|----------------------|----------------------------------|-----|------------------|-----|---------------|------|
|                      | b                                |     | c                |     |               |      |
| Alabama              | \$ 3,717,067                     | 794 | 107,978          | 144 | \$ 34.4       | 23-4 |
| Alaska               | 359,568                          | 98  | 8,701            | 96  | 41.3          | 14-5 |
| Arizona              | 1,998,586                        | 99  | 110,703          | 96  | 36.1          | 22   |
| Arkansas             | 1,310,691                        | 72  | 47,303           | 84  | 27.7          | 41-2 |
| California           | 27,067,463                       | 78  | 937,865          | 87  | 28.9          | 37   |
| Colorado             | 5,826,866                        | 89  | 109,251          | 91  | 53.3          | 8    |
| Connecticut          | 1,849,588                        | 47  | 64,150           | 61  | 28.8          | 38   |
| Delaware             | 652,118                          | 68  | 20,783           | 85  | 31.4          | 32   |
| District of Columbia | 672,290                          | 30  | 8,663            | 15  | 77.6          | 3    |
| Florida              | 5,136,623                        | 62  | 206,804          | 80  | 24.8          | 46   |
| Georgia              | 2,347,725                        | 42  | 106,878          | 79  | 22.0          | 50   |
| Hawaii               | 1,048,042                        | 81  | 34,526           | 95  | 30.4          | 34   |
| Idaho                | 993,594                          | 81  | 23,502           | 77  | 42.3          | 12   |
| Illinois             | 7,085,816                        | 49  | 305,189          | 73  | 23.2          | 49   |
| Indiana              | 5,491,225                        | 72  | 127,895          | 73  | 42.9          | 11   |
| Iowa                 | 2,302,378                        | 45  | 72,538           | 69  | 31.7          | 31   |
| Kansas               | 3,099,180                        | 75  | 81,701           | 87  | 37.9          | 21   |
| Kentucky             | 3,478,611                        | 84  | 84,159           | 82  | 41.3          | 14-5 |
| Louisiana            | 3,480,799                        | 71  | 107,929          | 86  | 32.3          | 30   |
| Maine                | 2,904,366                        | 79  | 23,214           | 71  | 125.1         | 1    |
| Maryland             | 2,539,896                        | 53  | 122,120          | 85  | 20.8          | 51   |
| Massachusetts        | 4,893,553                        | 29  | 121,225          | 43  | 40.4          | 18   |
| Michigan             | 9,643,543                        | 75  | 293,514          | 86  | 32.9          | 28   |
| Minnesota            | 4,530,292                        | 66  | 111,611          | 76  | 40.6          | 17   |
| Mississippi          | 2,938,791                        | 88  | 73,737           | 90  | 39.9          | 19   |
| Missouri             | 3,555,939                        | 53  | 117,196          | 69  | 30.3          | 35   |
| Montana              | 772,612                          | 77  | 23,318           | 91  | 33.1          | 27   |
| Nebraska             | 1,363,367                        | 50  | 49,212           | 80  | 27.7          | 41-2 |
| Nevada               | 708,337                          | 100 | 16,899           | 99  | 41.9          | 13   |
| New Hampshire        | 1,298,355                        | 47  | 19,050           | 57  | 68.2          | 4    |
| New Jersey           | 5,949,729                        | 84  | 152,254          | 74  | 39.1          | 20   |
| New Mexico           | 2,588,924                        | 91  | 39,549           | 94  | 65.5          | 6    |
| New York             | 11,743,644                       | 45  | 409,016          | 57  | 28.7          | 39   |
| North Carolina       | 4,049,562                        | 54  | 153,728          | 76  | 26.3          | 44   |
| North Dakota         | 1,259,885                        | 76  | 24,812           | 93  | 50.8          | 10   |
| Ohio                 | 8,598,786                        | 62  | 258,837          | 75  | 33.2          | 26   |
| Oklahoma             | 3,007,410                        | 67  | 96,694           | 85  | 31.1          | 33   |
| Oregon               | 5,754,488                        | 83  | 92,216           | 87  | 62.4          | 7    |
| Pennsylvania         | 5,911,148                        | 41  | 220,805          | 59  | 26.8          | 43   |
| Rhode Island         | 617,452                          | 33  | 22,187           | 48  | 27.8          | 40   |
| South Carolina       | 2,289,223                        | 67  | 76,011           | 76  | 30.1          | 36   |
| South Dakota         | 1,229,504                        | 65  | 18,667           | 71  | 65.9          | 5    |
| Tennessee            | 2,561,601                        | 47  | 106,483          | 73  | 24.1          | 47   |
| Texas                | 9,661,635                        | 75  | 404,810          | 86  | 23.9          | 48   |
| Utah                 | 1,513,112                        | 92  | 43,963           | 62  | 34.4          | 23-4 |
| Vermont              | 1,235,386                        | 63  | 14,060           | 56  | 87.9          | 2    |
| Virginia             | 3,888,124                        | 69  | 150,358          | 85  | 25.9          | 45   |
| Washington           | 5,212,776                        | 74  | 156,542          | 88  | 33.3          | 25   |
| West Virginia        | 1,651,363                        | 61  | 50,730           | 85  | 32.6          | 29   |
| Wisconsin            | 8,429,524                        | 90  | 161,282          | 86  | 52.3          | 9    |
| Wyoming              | 584,422                          | 100 | 14,357           | 100 | 40.7          | 16   |

\*FTE = full-time + 1/3 part-time opening fall 1976 enrollment

b % of state's total NDSL funding

c % of state's total FTE enrollment

**BASIC EDUCATIONAL OPPORTUNITY GRANTS PROGRAM**  
 Rank Order of Per FTE Funding in 50 Public Sectors  
 1976-77

| State                | BEOG<br>Appropriation<br>Funding |     | Student<br>FTEs* |     | \$<br>Per FTE | Rank  |
|----------------------|----------------------------------|-----|------------------|-----|---------------|-------|
|                      | b                                |     | c                |     |               |       |
| Alabama              | \$ 22,838,038                    | 67% | 107,978          | 14% | \$ 211.5      | 8     |
| Alaska               | 413,624                          | 79  | 8,701            | 96  | 47.5          | 51    |
| Arizona              | 13,639,576                       | 79  | 110,703          | 96  | 123.2         | 38    |
| Arkansas             | 11,927,924                       | 78  | 47,303           | 84  | 252.2         | 5     |
| California           | 96,904,026                       | 74  | 937,865          | 87  | 103.3         | 46    |
| Colorado             | 13,467,977                       | 83  | 109,251          | 91  | 123.3         | 37    |
| Connecticut          | 6,889,483                        | 62  | 64,150           | 61  | 107.4         | 44    |
| Delaware             | 2,167,279                        | 77  | 20,783           | 85  | 104.3         | 45    |
| District of Columbia | 2,077,938                        | 25  | 8,663            | 15  | 239.9         | 6     |
| Florida              | 36,651,600                       | 78  | 206,804          | 80  | 177.2         | 13    |
| Georgia              | 18,515,968                       | 65  | 106,878          | 79  | 173.2         | 15-16 |
| Hawaii               | 2,359,095                        | 78  | 34,526           | 95  | 68.3          | 50    |
| Idaho                | 3,199,393                        | 88  | 23,502           | 77  | 136.1         | 32    |
| Illinois             | 41,073,159                       | 63  | 305,189          | 73  | 134.9         | 43    |
| Indiana              | 14,695,513                       | 60  | 127,895          | 73  | 114.9         | 42    |
| Iowa                 | 8,462,245                        | 56  | 72,538           | 69  | 116.7         | 41    |
| Kansas               | 9,849,413                        | 64  | 81,701           | 87  | 120.6         | 40    |
| Kentucky             | 14,352,595                       | 63  | 84,159           | 82  | 170.5         | 18    |
| Louisiana            | 25,615,523                       | 78  | 107,929          | 86  | 237.3         | 7     |
| Maine                | 4,784,518                        | 71  | 23,214           | 71  | 206.1         | 25    |
| Maryland             | 19,519,990                       | 95  | 122,120          | 85  | 159.8         | 26    |
| Massachusetts        | 19,004,322                       | 48  | 121,225          | 43  | 156.8         | 28    |
| Michigan             | 43,799,326                       | 77  | 293,514          | 86  | 149.2         | 11    |
| Minnesota            | 20,305,133                       | 74  | 111,611          | 76  | 181.9         | 1     |
| Mississippi          | 25,092,806                       | 84  | 73,737           | 90  | 340.3         | 17    |
| Missouri             | 20,087,757                       | 68  | 117,196          | 69  | 171.4         | 22    |
| Montana              | 3,892,125                        | 83  | 23,318           | 91  | 166.5         | 34    |
| Nebraska             | 6,493,371                        | 69  | 49,212           | 80  | 132.0         | 48    |
| Nevada               | 1,703,791                        | 83  | 16,899           | 99  | 100.8         | 31    |
| New Hampshire        | 2,665,173                        | 56  | 19,050           | 57  | 139.9         | 15-16 |
| New Jersey           | 26,376,583                       | 69  | 152,254          | 74  | 173.2         | 4     |
| New Mexico           | 10,042,006                       | 85  | 39,549           | 94  | 253.9         | 3     |
| New York             | 108,544,610                      | 63  | 409,016          | 57  | 265.4         | 14    |
| North Carolina       | 26,714,003                       | 66  | 153,728          | 76  | 173.8         | 23    |
| North Dakota         | 4,114,913                        | 81  | 24,812           | 93  | 165.8         | 30    |
| Ohio                 | 36,331,788                       | 68  | 258,837          | 75  | 140.4         | 10    |
| Oklahoma             | 19,008,018                       | 80  | 96,694           | 85  | 196.6         | 17    |
| Oregon               | 13,827,733                       | 83  | 92,216           | 87  | 150.0         | 27    |
| Pennsylvania         | 39,851,399                       | 57  | 220,805          | 59  | 180.5         | 19    |
| Rhode Island         | 3,758,713                        | 55  | 22,187           | 48  | 169.4         | 21    |
| South Carolina       | 12,734,751                       | 53  | 76,011           | 76  | 167.5         | 2     |
| South Dakota         | 5,266,370                        | 70  | 18,667           | 71  | 282.1         | 20    |
| Tennessee            | 17,972,102                       | 56  | 106,483          | 73  | 168.8         | 29    |
| Texas                | 58,044,798                       | 74  | 404,810          | 86  | 143.4         | 39    |
| Utah                 | 5,312,645                        | 90  | 43,963           | 62  | 120.8         | 24    |
| Vermont              | 2,279,120                        | 62  | 14,060           | 56  | 162.1         | 43    |
| Virginia             | 17,134,511                       | 71  | 150,358          | 85  | 95.6          | 49    |
| Washington           | 14,957,883                       | 77  | 156,542          | 88  | 128.9         | 36    |
| West Virginia        | 6,538,907                        | 72  | 50,730           | 85  | 130.2         | 35    |
| Wisconsin            | 20,994,231                       | 81  | 161,282          | 86  | 101.8         | 47    |
| Wyoming              | 1,461,361                        | 94  | 14,357           | 100 |               |       |

\* FTE - full-time + 1/3 part-time opening fall 1976 enrollment  
 b % of state's total BEOG funding  
 c % of state's total FTE enrollment

## STATE STUDENT INCENTIVE GRANT

Rank Order of Per FTE Funding in 50 Public Sectors  
1976-77

| State                | SSIG                     | Student<br>FTEs* | \$<br>Per FTE | Rank   |
|----------------------|--------------------------|------------------|---------------|--------|
|                      | Appropriation<br>Funding |                  |               |        |
|                      | b                        | c                |               |        |
| Alabama              | \$ 635,446 96            | 107,978 14       | \$ 5.9        | 8      |
| Alaska               | 29,242 50                | 8,701 96         | 3.8           | 30-1-2 |
| Arizona              | 630,889 99               | 110,703 96       | 5.6           | 11-2   |
| Arkansas             | 191,467 81               | 47,303 84        | 4.0           | 29     |
| California           | 2,485,854 36             | 937,865 87       | 2.6           | 40     |
| Colorado             | 591,218 100              | 109,251 91       | 5.4           | 13-4   |
| Connecticut          | 149,206 24               | 64,150 61        | 2.3           | 43     |
| Delaware             | 116,989 78               | 20,783 85        | 5.6           | 11-2   |
| District of Columbia | 156,234 45               | 8,663 15         | 18.0          | 1      |
| Florida              | 779,898 60               | 206,804 80       | 3.7           | 33-4-5 |
| Georgia              | 552,279 71               | 106,878 79       | 5.1           | 17-8   |
| Hawaii               | 180,753 100              | 34,526 95        | 5.2           | 15-6   |
| Idaho                | 121,294 83               | 23,502 77        | 5.1           | 17-8   |
| Illinois             | 298,777 14               | 305,189 73       | .9            | 47     |
| Indiana              | 941,034 100              | 127,895 73       | 7.3           | 3      |
| Iowa                 | 272,924 57               | 72,538 69        | 3.7           | 33-4-5 |
| Kansas               | 250 0                    | 81,701 87        | .003          | 50     |
| Kentucky             | 376,313 72               | 84,159 82        | 4.4           | 25-6   |
| Louisiana            | 569,131 92               | 107,929 86       | 5.2           | 15-6   |
| Maine                | 38,213 24                | 23,214 71        | 1.6           | 45     |
| Maryland             | 514,483 67               | 122,120 85       | 4.2           | 28     |
| Massachusetts        | 297,823 20               | 121,225 43       | 2.4           | 41-2   |
| Michigan             | 975,446 51               | 293,514 86       | 3.3           | 38     |
| Minnesota            | 678,630 80               | 111,611 76       | 6.0           | 7      |
| Mississippi          | 208,664 59               | 73,737 90        | 2.8           | 39     |
| Missouri             | 101,984 12               | 117,196 69       | .8            | 48     |
| Montana              | 127,434 100              | 23,196 91        | 5.4           | 13-4   |
| Nebraska             | 233,051 75               | 49,212 80        | 4.7           | 22-3   |
| Nevada               | 113,904 100              | 16,899 99        | 6.7           | 5      |
| New Hampshire        | 92,219 62                | 19,050 57        | 4.8           | 20-1   |
| New Jersey           | 875,682 74               | 152,254 74       | 5.7           | 9-10   |
| New Mexico           | 3,050 3                  | 39,549 94        | .077          | 49     |
| New York             | 2,847,848 72             | 409,016 57       | 6.9           | 4      |
| North Carolina       | 583,922 61               | 153,728 76       | 3.7           | 33-4-5 |
| North Dakota         | 111,046 92               | 24,812 93        | 4.4           | 25-6   |
| Ohio                 | 388,653 23               | 258,837 75       | 1.5           | 46     |
| Oklahoma             | 337,605 56               | 96,694 85        | 3.4           | 37     |
| Oregon               | 529,156 91               | 92,216 87        | 5.7           | 9-10   |
| Pennsylvania         | 848,337 44               | 220,805 59       | 3.8           | 30-1-2 |
| Rhode Island         | 108,782 44               | 22,187 48        | 4.9           | 19     |
| South Carolina       | - 18,400 0               | 76,011 76        | -0.2          | 51     |
| South Dakota         | 87,864 75                | 18,667 71        | 4.7           | 22-3   |
| Tennessee            | 265,074 36               | 106,483 73       | 2.4           | 41-2   |
| Texas                | 926,344 40               | 404,810 86       | 2.2           | 44     |
| Utah                 | 325,383 97               | 43,963 62        | 7.4           | 2      |
| Vermont              | 93,672 83                | 14,060 56        | 6.6           | 6      |
| Virginia             | 704,393 79               | 150,358 85       | 4.6           | 24     |
| Washington           | 675,939 78               | 156,542 88       | 4.3           | 27     |
| West Virginia        | 181,747 69               | 50,730 85        | 3.5           | 36     |
| Wisconsin            | 775,117 80               | 161,282 86       | 4.8           | 20-1   |
| Wyoming              | 55,840 100               | 14,357 100       | 3.8           | 30-1-2 |

\*FTE = full-time + 1/3 part-time opening fall 1976 enrollment

b = % of state's total SSIG funding

c = % of state's total FTE enrollment

TABLE 2.

## FIVE FEDERAL STUDENT AID PROGRAMS:

Rank Order of Average Per Student Funding  
Received by Independent Sectors in Fifty States

1976-77

Prepared by:

cIcu  
37 Elk Street  
Albany, New York 12224

From information provided by  
Virginia Fadil, Director of Research,  
NAICU: Washington, D.C.

August, 1978

**SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM**  
**Rank Order of Per FTE Funding in 50 Independent Sectors**  
**1976-77**

| State                | SEOG                     |     | Student<br>FTEs* | %       | Rank      |
|----------------------|--------------------------|-----|------------------|---------|-----------|
|                      | Appropriation<br>Funding | b   |                  | Per FTE |           |
| Alabama              | \$ 1,760,058             | 50% | 17,790           | 86%     | \$ 98.9 3 |
| Alaska               | 20,215                   | 6   | 381              | 4       | 53.0 21   |
| Arizona              | 53,498                   | 19  | 4,479            | 4       | 11.9 48   |
| Arkansas             | 290,877                  | 24  | 8,862            | 16      | 32.8 42   |
| California           | 4,259,393                | 16  | 136,662          | 13      | 31.1 43   |
| Colorado             | 573,021                  | 15  | 11,429           | 9       | 50.1 24   |
| Connecticut          | 1,673,910                | 55  | 41,526           | 39      | 40.3 33   |
| Delaware             | 160,696                  | 27  | 3,629            | 15      | 44.3 31   |
| District of Columbia | 756,332                  | 44  | 49,314           | 85      | 15.3 47   |
| Florida              | 2,290,758                | 40  | 51,030           | 20      | 44.9 30   |
| Georgia              | 1,895,423                | 54  | 28,882           | 21      | 65.6 15   |
| Hawaii               | 155,516                  | 19  | 1,976            | 5       | 78.5 11   |
| Idaho                | 148,635                  | 21  | 7,169            | 23      | 20.7 46   |
| Illinois             | 4,024,875                | 37  | 113,879          | 27      | 35.3 40   |
| Indiana              | 1,739,554                | 33  | 46,515           | 27      | 37.4 35   |
| Iowa                 | 2,229,893                | 63  | 32,340           | 31      | 68.3 14   |
| Kansas               | 998,740                  | 39  | 12,290           | 13      | 81.3 9    |
| Kentucky             | 680,463                  | 27  | 18,807           | 18      | 36.2 37   |
| Louisiana            | 690,705                  | 23  | 18,155           | 14      | 38.0 34   |
| Maine                | 884,317                  | 20  | 9,457            | 29      | 93.5 4    |
| Maryland             | 1,203,246                | 28  | 21,241           | 15      | 56.7 19   |
| Massachusetts        | 5,843,689                | 58  | 159,753          | 57      | 36.6 36   |
| Michigan             | 3,939,574                | 36  | 49,682           | 14      | 79.3 10   |
| Minnesota            | 2,673,947                | 38  | 36,206           | 24      | 73.9 13   |
| Mississippi          | 779,464                  | 28  | 8,496            | 10      | 91.7 6    |
| Missouri             | 1,860,855                | 44  | 52,456           | 1       | 35.5 39   |
| Montana              | 152,339                  | 21  | 2,424            | 9       | 62.9 16   |
| Nebraska             | 741,256                  | 49  | 12,118           | 20      | 61.1 17   |
| Nevada               | - 0 -                    | -0- | 146              | 1       | -0- 50-1  |
| New Hampshire        | 672,477                  | 35  | 14,501           | 43      | 46.4 28   |
| New Jersey           | 1,426,093                | 29  | 52,198           | 26      | 27.3 44   |
| New Mexico           | 525,960                  | 24  | 2,684            | 6       | 196.0 2   |
| New York             | 7,711,990                | 42  | 304,936          | 43      | 25.3 45   |
| North Carolina       | 2,360,452                | 45  | 49,751           | 24      | 47.4 26   |
| North Dakota         | 393,423                  | 21  | 1,844            | 7       | 213.3 1   |
| Ohio                 | 3,955,440                | 42  | 85,129           | 25      | 46.5 27   |
| Oklahoma             | 770,120                  | 31  | 17,465           | 15      | 44.1 32   |
| Oregon               | 816,065                  | 16  | 14,048           | 13      | 58.1 18   |
| Pennsylvania         | 5,096,087                | 51  | 152,550          | 41      | 33.4 41   |
| Rhode Island         | 863,665                  | 64  | 24,195           | 52      | 35.7 38   |
| South Carolina       | 1,074,153                | 45  | 23,456           | 24      | 45.8 29   |
| South Dakota         | 712,046                  | 44  | 7,739            | 29      | 92.0 5    |
| Tennessee            | 2,010,412                | 52  | 38,705           | 27      | 51.9 22   |
| Texas                | 3,257,993                | 32  | 67,032           | 14      | 48.6 25   |
| Utah                 | 104,193                  | 6   | 26,808           | 38      | 3.9 49    |
| Vermont              | 849,389                  | 32  | 11,050           | 44      | 76.9 12   |
| Virginia             | 1,351,341                | 36  | 26,574           | 15      | 50.9 23   |
| Washington           | 1,744,716                | 27  | 20,344           | 12      | 85.8 8    |
| West Virginia        | 782,161                  | 43  | 9,030            | 15      | 86.6 7    |
| Wisconsin            | 1,472,477                | 16  | 26,013           | 14      | 56.6 20   |
| Wyoming              | - 0 -                    | -0- | - 0 -            | -0-     | -0- 50-1  |

\* FTE = full-time + 1/3 part-time opening fall 1976 enrollment

b % of state's total SEOG funding

c % of state's total FTE enrollment

RA. A Order of Per FTE Funding in 50 Independent Sectors  
1976-77

| State                | CWS                      |     | Student<br>FTEs* | Per FTE | Rank  |
|----------------------|--------------------------|-----|------------------|---------|-------|
|                      | Appropriation<br>Funding | b   |                  |         |       |
| Alabama              | \$ 1,845,046             | 244 | 17,790           | 86%     | 8     |
| Alaska               | 32,380                   | 4   | 381              | 4       | 18    |
| Arizona              | 80,686                   | 2   | 4,479            | 4       | 18.0  |
| Arkansas             | 796,003                  | 20  | 8,862            | 16      | 89.8  |
| California           | 6,284,522                | 18  | 136,662          | 13      | 46.0  |
| Colorado             | 677,114                  | 12  | 11,429           | 9       | 59.3  |
| Connecticut          | 1,856,349                | 44  | 41,526           | 39      | 94.7  |
| Delaware             | 227,273                  | 23  | 3,629            | 15      | 62.6  |
| District of Columbia | 1,422,233                | 58  | 49,314           | 85      | 28.8  |
| Florida              | 3,004,142                | 27  | 51,030           | 20      | 58.9  |
| Georgia              | 3,741,120                | 43  | 28,882           | 21      | 129.5 |
| Hawaii               | 123,104                  | 9   | 1,976            | 5       | 62.3  |
| Idaho                | 81,616                   | 6   | 7,169            | 23      | 11.4  |
| Illinois             | 4,528,484                | 27  | 113,879          | 27      | 39.8  |
| Indiana              | 2,086,657                | 27  | 46,515           | 27      | 44.9  |
| Iowa                 | 2,275,118                | 51  | 32,640           | 31      | 69.7  |
| Kansas               | 1,074,070                | 28  | 12,290           | 13      | 87.4  |
| Kentucky             | 2,686,196                | 41  | 18,807           | 18      | 142.8 |
| Louisiana            | 1,417,422                | 16  | 18,155           | 14      | 78.1  |
| Maine                | 623,028                  | 13  | 9,457            | 29      | 65.9  |
| Maryland             | 1,741,014                | 29  | 21,241           | 15      | 82.0  |
| Massachusetts        | 11,181,040               | 58  | 159,753          | 57      | 70.0  |
| Michigan             | 2,460,879                | 18  | 49,682           | 14      | 49.5  |
| Minnesota            | 2,325,030                | 26  | 36,206           | 24      | 64.2  |
| Mississippi          | 1,467,500                | 24  | 8,496            | 10      | 172.7 |
| Missouri             | 2,491,157                | 33  | 52,456           | 31      | 47.5  |
| Montana              | 269,380                  | 11  | 2,424            | 9       | 111.1 |
| Nebraska             | 508,565                  | 20  | 12,118           | 20      | 42.0  |
| Nevada               | 6,517                    | 1   | 146              | 1       | 44.6  |
| New Hampshire        | 1,049,770                | 32  | 14,501           | 43      | 72.4  |
| New Jersey           | 3,392,784                | 38  | 52,198           | 26      | 65.0  |
| New Mexico           | 471,465                  | 13  | 2,684            | 6       | 175.7 |
| New York             | 11,921,108               | 42  | 304,936          | 43      | 39.1  |
| North Carolina       | 4,468,862                | 46  | 49,751           | 24      | 89.8  |
| North Dakota         | 449,748                  | 21  | 1,844            | 7       | 243.9 |
| Ohio                 | 6,539,366                | 42  | 85,129           | 25      | 76.8  |
| Oklahoma             | 728,377                  | 15  | 17,465           | 15      | 41.7  |
| Oregon               | 1,242,198                | 14  | 14,048           | 13      | 88.4  |
| Pennsylvania         | 8,408,446                | 50  | 152,550          | 41      | 55.1  |
| Rhode Island         | 1,253,317                | 59  | 24,195           | 52      | 51.8  |
| South Carolina       | 2,290,347                | 39  | 23,456           | 24      | 97.6  |
| South Dakota         | 726,374                  | 25  | 7,739            | 29      | 93.9  |
| Tennessee            | 3,476,810                | 45  | 38,705           | 27      | 89.8  |
| Texas                | 5,896,095                | 29  | 67,032           | 14      | 87.9  |
| Utah                 | 86,170                   | 4   | 26,808           | 38      | 3.2   |
| Vermont              | 915,583                  | 25  | 11,050           | 44      | 82.9  |
| Virginia             | 2,405,775                | 31  | 26,574           | 15      | 90.5  |
| Washington           | 1,551,719                | 19  | 20,344           | 12      | 76.3  |
| West Virginia        | 1,059,484                | 30  | 9,030            | 15      | 117.3 |
| Wisconsin            | 851,934                  | 10  | 26,013           | 14      | 32.8  |
| Wyoming              | - 0 -                    | -0- | - 0 -            | -0-     | 51    |

\* FTE = full-time + 1/3 part-time opening fall 1976 enrollment

b % of state's total CWS funding

c % of state's total FTE enrollment

## NATIONAL DIRECT STUDENT LOAN PROGRAM

Rank Order of PER FTE Funding in 50 Independent Sectors  
1976-77

| State                | NDSL<br>Appropriation<br>Funding |     | Student<br>FTEs* |     | Per FTE | Rank  |
|----------------------|----------------------------------|-----|------------------|-----|---------|-------|
|                      | b                                | c   | b                | c   |         |       |
| Alabama              | \$ 985,186                       | 214 | 17,790           | 864 | \$ 55.4 | 34    |
| Alaska               | 8,486                            | 2   | 381              | 4   | 22.3    | 46    |
| Arizona              | 42,972                           | 1   | 4,479            | 4   | 9.6     | 48    |
| Arkansas             | 515,253                          | 28  | 8,862            | 16  | 58.1    | 31    |
| California           | 7,715,790                        | 22  | 136,662          | 13  | 56.5    | 32    |
| Colorado             | 734,554                          | 11  | 11,429           | 9   | 64.3    | 27    |
| Connecticut          | 2,064,864                        | 53  | 41,526           | 39  | 49.7    | 36    |
| Delaware             | 304,194                          | 32  | 3,629            | 14  | 83.8    | 15    |
| District of Columbia | 1,550,531                        | 70  | 49,314           | 85  | 31.4    | 45    |
| Florida              | 3,210,197                        | 38  | 51,030           | 20  | 62.9    | 28    |
| Georgia              | 3,247,665                        | 58  | 28,882           | 21  | 112.4   | 5     |
| Hawaii               | 247,159                          | 19  | 1,976            | 5   | 125.1   | 2     |
| Idaho                | 233,831                          | 19  | 7,169            | 23  | 32.6    | 44    |
| Illinois             | 7,471,487                        | 51  | 113,879          | 27  | 65.6    | 24-25 |
| Indiana              | 2,162,400                        | 28  | 46,515           | 27  | 46.5    | 39-40 |
| Iowa                 | 2,836,906                        | 55  | 32,640           | 31  | 86.9    | 11    |
| Kansas               | 1,054,669                        | 25  | 12,290           | 13  | 85.8    | 13-14 |
| Kentucky             | 682,985                          | 16  | 18,807           | 18  | 36.3    | 42    |
| Louisiana            | 1,394,163                        | 29  | 18,155           | 14  | 76.8    | 18    |
| Maine                | 784,517                          | 21  | 9,457            | 29  | 83.0    | 17    |
| Maryland             | 2,227,327                        | 47  | 21,241           | 15  | 104.9   | 6     |
| Massachusetts        | 11,896,475                       | 71  | 159,753          | 57  | 74.5    | 20    |
| Michigan             | 3,288,486                        | 25  | 49,682           | 14  | 66.2    | 22    |
| Minnesota            | 2,338,084                        | 34  | 36,206           | 24  | 64.6    | 26    |
| Mississippi          | 381,915                          | 12  | 8,496            | 10  | 45.0    | 41    |
| Missouri             | 3,157,494                        | 47  | 52,456           | 31  | 60.2    | 30    |
| Montana              | 229,637                          | 23  | 2,424            | 9   | 94.7    | 8     |
| Nebraska             | 1,363,629                        | 50  | 12,118           | 20  | 112.5   | 4     |
| Nevada               | - 0 -                            | -0- | 146              | 1   | -0-     | 50-51 |
| New Hampshire        | 1,453,594                        | 53  | 14,501           | 43  | 100.2   | 7     |
| New Jersey           | 1,105,869                        | 16  | 52,198           | 26  | 21.2    | 47    |
| New Mexico           | 246,225                          | 9   | 2,684            | 6   | 91.7    | 10    |
| New York             | 14,179,107                       | 55  | 304,936          | 43  | 46.5    | 39-40 |
| North Carolina       | 3,393,981                        | 46  | 49,751           | 24  | 68.2    | 21    |
| North Dakota         | 406,522                          | 24  | 1,844            | 7   | 220.5   | 1     |
| Ohio                 | 5,234,843                        | 38  | 85,129           | 25  | 61.5    | 29    |
| Oklahoma             | 1,497,854                        | 33  | 17,465           | 15  | 85.8    | 13-14 |
| Oregon               | 1,220,071                        | 17  | 14,048           | 13  | 86.8    | 12    |
| Pennsylvania         | 8,607,472                        | 59  | 152,550          | 41  | 56.4    | 33    |
| Rhode Island         | 1,277,410                        | 67  | 24,195           | 52  | 52.8    | 35    |
| South Carolina       | 1,104,418                        | 33  | 23,456           | 24  | 47.1    | 38    |
| South Dakota         | 647,945                          | 35  | 7,739            | 29  | 83.7    | 16    |
| Tennessee            | 2,913,216                        | 53  | 38,705           | 27  | 75.3    | 19    |
| Texas                | 3,305,447                        | 25  | 67,032           | 14  | 49.3    | 37    |
| Utah                 | 136,192                          | 8   | 26,808           | 38  | 5.1     | 49    |
| Vermont              | 724,287                          | 37  | 11,050           | 44  | 65.6    | 24-25 |
| Virginia             | 1,755,293                        | 31  | 26,574           | 15  | 66.0    | 23    |
| Washington           | 1,870,584                        | 26  | 20,348           | 12  | 92.0    | 9     |
| West Virginia        | 1,063,654                        | 39  | 9,030            | 15  | 117.8   | 3     |
| Wisconsin            | 927,088                          | 10  | 26,013           | 14  | 35.6    | 43    |
| Wyoming              | - 0 -                            | -0- | - 0 -            | -0- | -0-     | 50-51 |

\* FTE = full-time + 1/3 part-time opening fall 1976 enrollment

b % of state's total NDSL funding

c % of state's total FTE enrollment

## BASIC EDUCATIONAL OPPORTUNITY GRANTS PROGRAM

Rank Order of Per FTE Funding in 50 Independent Sectors  
1976-77

| State                | BEOG<br>Appropriation<br>Funding |     | Student<br>FTEs* |     | Per FTE | Rank |
|----------------------|----------------------------------|-----|------------------|-----|---------|------|
|                      | b                                |     | c                |     |         |      |
| Alabama              | \$ 9,376,247                     | 274 | 17,790           | 864 | \$527.0 | 1    |
| Alaska               | 91,700                           | 18  | 381              | 4   | 240.7   | 14   |
| Arizona              | 413,525                          | 2   | 4,479            | 4   | 92.6    | 45   |
| Arkansas             | 2,875,921                        | 19  | 8,862            | 16  | 324.5   | 8    |
| California           | 15,875,455                       | 12  | 136,662          | 13  | 116.1   | 40   |
| Colorado             | 991,630                          | 6   | 11,429           | 9   | 86.8    | 47   |
| Connecticut          | 3,088,957                        | 28  | 41,526           | 39  | 74.4    | 48   |
| Delaware             | 356,665                          | 13  | 3,629            | 14  | 98.3    | 44   |
| District of Columbia | 4,553,664                        | 55  | 49,314           | 85  | 92.3    | 46   |
| Florida              | 8,246,024                        | 18  | 51,030           | 20  | 161.6   | 26   |
| Georgia              | 8,214,526                        | 29  | 28,882           | 21  | 284.4   | 10   |
| Hawaii               | 432,904                          | 14  | 1,976            | 5   | 219.1   | 17   |
| Idaho                | 405,220                          | 11  | 7,169            | 23  | 56.5    | 49   |
| Illinois             | 19,459,319                       | 30  | 113,879          | 27  | 170.9   | 25   |
| Indiana              | 5,273,158                        | 21  | 46,515           | 27  | 113.4   | 41   |
| Iowa                 | 6,222,433                        | 41  | 32,640           | 31  | 190.6   | 22   |
| Kansas               | 4,379,663                        | 29  | 12,290           | 13  | 356.4   | 7    |
| Kentucky             | 5,311,595                        | 23  | 18,807           | 18  | 282.4   | 11   |
| Louisiana            | 3,637,840                        | 11  | 18,155           | 14  | 200.4   | 20   |
| Maine                | 1,506,059                        | 22  | 9,457            | 29  | 159.3   | 27   |
| Maryland             | 2,812,614                        | 12  | 21,241           | 15  | 132.4   | 35   |
| Massachusetts        | 17,713,668                       | 44  | 159,753          | 57  | 110.9   | 42   |
| Michigan             | 10,057,149                       | 18  | 49,682           | 14  | 202.4   | 18   |
| Minnesota            | 5,522,763                        | 20  | 36,206           | 24  | 152.5   | 28   |
| Mississippi          | 4,169,358                        | 14  | 8,496            | 10  | 490.7   | 3    |
| Missouri             | 7,138,053                        | 24  | 52,456           | 31  | 136.1   | 33   |
| Montana              | 571,032                          | 12  | 2,424            | 9   | 235.6   | 15   |
| Nebraska             | 2,148,216                        | 23  | 12,118           | 20  | 177.3   | 24   |
| Nevada               | 72,003                           | 4   | 146              | 1   | 493.2   | 2    |
| New Hampshire        | 1,832,936                        | 39  | 14,501           | 43  | 126.4   | 38   |
| New Jersey           | 6,832,853                        | 18  | 52,198           | 26  | 130.9   | 36   |
| New Mexico           | 1,219,051                        | 10  | 2,684            | 6   | 454.2   | 4    |
| New York             | 42,507,420                       | 25  | 304,936          | 43  | 139.4   | 31   |
| North Carolina       | 12,286,108                       | 30  | 49,751           | 24  | 246.9   | 13   |
| North Dakota         | 779,856                          | 15  | 1,844            | 7   | 422.9   | 5    |
| Ohio                 | 12,546,816                       | 24  | 85,129           | 25  | 147.4   | 29   |
| Oklahoma             | 3,435,487                        | 15  | 17,465           | 15  | 197.7   | 21   |
| Oregon               | 1,904,254                        | 11  | 14,048           | 13  | 135.6   | 34   |
| Pennsylvania         | 19,792,845                       | 29  | 152,550          | 41  | 129.8   | 37   |
| Rhode Island         | 2,407,517                        | 35  | 24,195           | 52  | 99.5    | 43   |
| South Carolina       | 6,580,245                        | 37  | 23,456           | 24  | 365.8   | 6    |
| South Dakota         | 1,177,511                        | 26  | 7,739            | 29  | 255.6   | 12   |
| Tennessee            | 11,116,421                       | 35  | 38,705           | 27  | 287.2   | 9    |
| Texas                | 14,908,437                       | 19  | 67,032           | 14  | 222.4   | 16   |
| Utah                 | 216,638                          | 4   | 26,808           | 38  | 8.1     | 50   |
| Vermont              | 1,359,036                        | 37  | 11,050           | 44  | 123.0   | 39   |
| Virginia             | 5,055,533                        | 21  | 26,574           | 15  | 190.2   | 23   |
| Washington           | 2,797,010                        | 14  | 20,344           | 12  | 137.5   | 32   |
| West Virginia        | 1,825,057                        | 20  | 9,030            | 15  | 202.1   | 19   |
| Wisconsin            | 3,743,541                        | 14  | 26,013           | 14  | 143.9   | 30   |
| Wyoming              | - 0 -                            | -0- | - 0 -            | -0- | - 0 -   | 51   |

\* FTE = full-time + 1/3 part-time opening fall 1976 enrollment

b % of state's total BEOG funding

c % of state's total FTE enrollment

## STATE STUDENT INCENTIVE GRANT

Rank Order of Per FTE Funding in 50 Independent Sectors  
1976-77

| State                | SSIG<br>Appropriation<br>Funding |     | Student<br>FTEs* |     | Per FTE | Rank  |
|----------------------|----------------------------------|-----|------------------|-----|---------|-------|
|                      | b                                |     | c                |     |         |       |
| Alabama              | \$ 28,350                        | 44  | 17,790           | 864 | \$ 1.6  | 45    |
| Alaska               | 29,534                           | 50  | 381              | 4   | 77.5    | 1     |
| Arizona              | 11,664                           | 1   | 4,479            | 4   | 2.6     | 43    |
| Arkansas             | 45,462                           | 19  | 8,862            | 16  | 5.1     | 33-4  |
| California           | 4,401,377                        | 64  | 136,662          | 13  | 32.2    | 4     |
| Colorado             | - 0 -                            | -0- | 11,429           | 9   | -0-     | 47-51 |
| Connecticut          | 462,074                          | 76  | 41,526           | 39  | 11.1    | 17    |
| Delaware             | 33,000                           | 22  | 3,629            | 14  | 9.1     | 21    |
| District of Columbia | 188,630                          | 55  | 49,314           | 85  | 3.8     | 38    |
| Florida              | 527,623                          | 40  | 51,030           | 20  | 10.3    | 19    |
| Georgia              | 221,052                          | 29  | 28,882           | 21  | 7.7     | 22-4  |
| Hawaii               | - 0 -                            | -0- | 1,976            | 5   | -0-     | 47-51 |
| Idaho                | 24,298                           | 17  | 7,169            | 23  | 3.4     | 41    |
| Illinois             | 1,909,791                        | 86  | 113,879          | 27  | 16.8    | 9     |
| Indiana              | 511,000                          | 54  | 46,515           | 27  | 11.0    | 18    |
| Iowa                 | 203,474                          | 43  | 32,640           | 31  | 6.2     | 30    |
| Kansas               | 480,808                          | 100 | 12,290           | 13  | 39.1    | 2     |
| Kentucky             | 145,587                          | 28  | 18,807           | 18  | 7.7     | 22-4  |
| Louisiana            | 48,734                           | 8   | 18,155           | 14  | 2.7     | 42    |
| Maine                | 120,873                          | 76  | 9,457            | 29  | 12.8    | 14    |
| Maryland             | 250,671                          | 33  | 21,241           | 15  | 11.8    | 16    |
| Massachusetts        | 1,216,738                        | 80  | 159,753          | 57  | 7.6     | 25    |
| Michigan             | 923,192                          | 49  | 49,682           | 14  | 18.6    | 7     |
| Minnesota            | 164,394                          | 20  | 36,206           | 24  | 4.5     | 35    |
| Mississippi          | 146,961                          | 41  | 8,496            | 10  | 17.3    | 8     |
| Missouri             | 730,907                          | 88  | 52,456           | 31  | 13.9    | 12    |
| Montana              | - 0 -                            | -0- | 2,424            | 9   | -0-     | 47-51 |
| Nebraska             | 78,708                           | 25  | 12,118           | 20  | 6.5     | 29    |
| Nevada               | - 0 -                            | -0- | 146              | 1   | -0-     | 47-51 |
| New Hampshire        | 57,698                           | 38  | 14,501           | 43  | 4.0     | 36    |
| New Jersey           | 300,000                          | 26  | 52,198           | 26  | 5.8     | 31    |
| New Mexico           | 96,950                           | 97  | 2,684            | 6   | 36.1    | 3     |
| New York             | 1,102,457                        | 28  | 304,936          | 43  | 3.6     | 39-40 |
| North Carolina       | 380,399                          | 39  | 49,751           | 24  | 7.7     | 22-4  |
| North Dakota         | 9,483                            | 8   | 1,844            | 7   | 9.1     | 33-4  |
| Ohio                 | 1,332,793                        | 77  | 85,129           | 25  | 15.7    | 10    |
| Oklahoma             | 260,394                          | 44  | 17,465           | 15  | 14.9    | 11    |
| Oregon               | 50,980                           | 9   | 14,048           | 13  | 3.6     | 39-40 |
| Pennsylvania         | 1,071,608                        | 56  | 152,550          | 41  | 7.0     | 28    |
| Rhode Island         | 136,700                          | 56  | 24,195           | 52  | 5.7     | 32    |
| South Carolina       | 500,219                          | 100 | 23,456           | 24  | 21.3    | 5     |
| South Dakota         | 29,900                           | 25  | 7,739            | 29  | 3.9     | 37    |
| Tennessee            | 461,470                          | 64  | 38,705           | 27  | 11.9    | 15    |
| Texas                | 1,382,126                        | 60  | 67,032           | 14  | 20.6    | 6     |
| Utah                 | 9,387                            | 3   | 26,808           | 38  | .4      | 46    |
| Vermont              | 19,500                           | 17  | 11,050           | 44  | 1.8     | 44    |
| Virginia             | 192,783                          | 21  | 26,574           | 15  | 7.3     | 27    |
| Washington           | 193,725                          | 22  | 20,344           | 12  | 9.5     | 20    |
| West Virginia        | 119,179                          | 40  | 9,030            | 15  | 13.2    | 13    |
| Wisconsin            | 194,717                          | 20  | 26,013           | 14  | 7.5     | 26    |
| Wyoming              | - 0 -                            | -0- | - 0 -            | -0- | -0-     | 47-51 |

\* FTE = full-time + 1/3 part-time opening fall 1976 enrollment

b % of state's total SSIG funding

c % of state's total FTE enrollment

**SUMMARY OF FIVE FEDERAL STUDENT AID PROGRAMS  
IN THE 14 MOST POPULOUS STATES**

**A ranking of Average Per FTE Student Funding  
By Sector and By State, 1976-77**

# SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

SEOG  
1976-7

## 14 Most Populous States

| Rank<br>First | Government |        | Independent |        | Rank | Government |        | Rank | Independent |        |
|---------------|------------|--------|-------------|--------|------|------------|--------|------|-------------|--------|
|               | State      | \$/FTE | State       | \$/FTE |      | State      | \$/FTE |      | State       | \$/FTE |
| 1             | Me.        | 155    | N.D.        | 213    | 6    | Wisc.      | 50     | 10   | Mich.       | 79     |
| 2             | Vt.        | 127    | N.Mexico    | 196    | 11   | Minn.      | 40     | 13   | Minn.       | 74     |
| 3             | D.C.       | 111    | Ala.        | 99     | 13   | Mass.      | 35     | 20   | Wisc.       | 57     |
| 4             | N.H.       | 65     | Me.         | 94     | 16   | N.Y.S.     | 29     | 25   | Texas       | 49     |
| 5             | N.D.       | 61     | S.D.        | 92     | 18   | Ind.       | 28     | 26   | N.C.        | 47     |
|               |            |        |             |        | 24   | Mich.      | 24     | 27   | Ohio        | 46     |
|               |            |        |             |        | 25   | Cal.       | 24     | 30   | Fla.        | 45     |
|               |            |        |             |        | 27   | N.J.       | 23     | 35-6 | Ind.        | 37     |
|               |            |        |             |        | 28   | Ill.       | 23     |      | Mass.       | 37     |
|               |            |        |             |        | 30   | Penn.      | 22     | 40   | Ill.        | 35     |
|               | N.Y.S.     | 29     | N.Y.S.      | 25     | 34   | Ohio       | 21     | 41   | Penn.       | 33     |
|               | (#16)      |        | (#45)       |        | 41   | N.C.       | 18     | 43   | Cal.        | 31     |
| Last          |            |        |             |        | 46   | Texas      | 17     | 44   | N.J.        | 27     |
|               |            |        |             |        | 48   | Fla.       | 16     | 45   | N.Y.S.      | 25     |
| 47            | Ala.       | 17     | D.C.        | 15     |      |            |        |      |             |        |
| 48            | Fla.       | 16     | Ariz.       | 12     |      |            |        |      |             |        |
| 49            | Va.        | 16     | Utah        | 4      |      |            |        |      |             |        |
| 50            | Neb.       | 16     | Nev.        | 0      |      |            |        |      |             |        |
| 51            | Ga.        | 15     | Wyo.        | 0      |      |            |        |      |             |        |

NOTE: Most populous in terms of student enrollment.

SOURCE: Enrollment data from NCES, 1976 Opening, Fall Enrollments;  
Federal Aid data provided by NAICU's State-National Information Network, 8/78.

Prepared: 8/78 - cIcu

COLLEGE WORK-STUDY  
CWS  
1976-7

| 14 Most Populous States |            |        |             |        |            |        |        |             |        |        |
|-------------------------|------------|--------|-------------|--------|------------|--------|--------|-------------|--------|--------|
| Rank                    | Government |        | Independent |        | Government |        |        | Independent |        |        |
| First #                 | State      | \$/FTE | State       | \$/FTE | Rank       | State  | \$/FTE | Rank        | State  | \$/FTE |
| 1                       | Vt.        | 192    | N.D.        | 244    | 13         | Mass.  | 66     | 12-14       | N.C.   | 90     |
| 2                       | Me.        | 182    | N.Mexico    | 176    | 17         | Minn.  | 59     | 16          | Texas  | 88     |
| 3                       | D.C.       | 121    | Miss.       | 173    | 26         | Wisc.  | 46     | 22          | Ohio   | 77     |
| 4                       | N.H.       | 118    | Ky.         | 143    | 27         | Ind.   | 43     | 25          | Mass.  | 70     |
| 5                       | S.D.       | 116    | Ga.         | 130    | 32         | N.Y.S. | 41     | 28          | N.J.   | 65     |
|                         |            |        |             |        | 34         | Ill.   | 40     | 29          | Minn.  | 64     |
|                         | N.Y.S.     | 41     | N.Y.S.      | 39     | 37         | Fla.   | 39     | 33          | Fla.   | 59     |
|                         | (#32)      |        | (#45)       |        | 38         | Mich.  | 38     | 34          | Penn.  | 55     |
|                         |            |        |             |        | 39         | Penn.  | 38     | 36          | Mich.  | 50     |
|                         |            |        |             |        | 41         | Texas  | 36     | 38          | Cal.   | 46     |
|                         |            |        |             |        | 44         | N.J.   | 36     | 39          | Ind.   | 45     |
|                         |            |        |             |        | 46         | Ohio   | 35     | 44          | Ill.   | 40     |
|                         |            |        |             |        | 48         | N.C.   | 34     | 45          | N.Y.S. | 39     |
|                         |            |        |             |        | 50         | Cal.   | 31     | 45          | Wisc.  | 33     |
| <u>Last</u>             |            |        |             |        |            |        |        |             |        |        |
| 47                      | Md.        | 34     | D.C.        | 29     |            |        |        |             |        |        |
| 48                      | N.C.       | 34     | Ariz.       | 18     |            |        |        |             |        |        |
| 49                      | Ka.        | 34     | Idaho       | 11     |            |        |        |             |        |        |
| 50                      | Cal.       | 31     | Utah        | 3      |            |        |        |             |        |        |
| 51                      | Iowa       | 31     | Wyo.        | 0      |            |        |        |             |        |        |

SOURCE: Enrollment data from NCES, 1976 Opening, Fall Enrollments;  
Federal Aid data provided by NAICU's State-National Information Network, 8/78.

Prepared: 8/78 - cicu

# NATIONAL DIRECT STUDENT LOANS

NDSL  
1976-7

## 14 Most Populous States

| Rank        | Government |        | Independent  |        | Rank | Government |        | Rank  | Independent |        |
|-------------|------------|--------|--------------|--------|------|------------|--------|-------|-------------|--------|
|             | State      | \$/FTE | State        | \$/FTE |      | State      | \$/FTE |       | State       | \$/FTE |
| 1           | Maine      | 125    | N.D.         | 221    | 9    | Wisc.      | 52     | 20    | Mass.       | 75     |
| 2           | Vt.        | 88     | Ha.          | 125    | 11   | Ind.       | 43     | 21    | N.C.        | 68     |
| 3           | D.C.       | 78     | W.Va.        | 118    | 17   | Minn.      | 41     | 22    | Mich.       | 66     |
| 4           | N.H.       | 68     | Neb.         | 113    | 18   | Mass.      | 40     | 24-25 | Ill.        | 66     |
| 5           | S.D.       | 66     | Ga.          | 112    | 20   | N.J.       | 39     | 26    | Minn.       | 65     |
|             |            |        |              |        | 26   | Ohio       | 33     | 28    | Fla.        | 63     |
|             |            |        |              |        | 28   | Mich.      | 33     | 29    | Ohio        | 62     |
|             |            |        |              |        | 37   | Cal.       | 29     | 32    | Cal.        | 57     |
|             |            |        |              |        | 39   | N.Y.S.     | 29     | 33    | Penn.       | 56     |
|             | N.Y.S.     | 29     | N.Y.S.       | 47     | 43   | Penn.      | 27     | 37    | Texas       | 50     |
|             | (#39)      |        | (#39-40)     |        | 44   | N.C.       | 26     | 39-40 | N.Y.S.      | 47     |
|             |            |        |              |        | 46   | Fla.       | 25     | 39-40 | Ind.        | 47     |
|             |            |        |              |        | 48   | Texas      | 24     | 43    | Wisc.       | 36     |
|             |            |        |              |        | 49   | Ill.       | 23     | 47    | N.J.        | 21     |
| <u>Last</u> |            |        |              |        |      |            |        |       |             |        |
| 46          | Fla.       | 25     | Ak. (Alaska) | 22     |      |            |        |       |             |        |
| 47          | Tenn.      | 24     | N.J.         | 21     |      |            |        |       |             |        |
| 48          | Texas      | 24     | Ariz.        | 10     |      |            |        |       |             |        |
| 49          | Ill.       | 23     | Utah         | 5      |      |            |        |       |             |        |
| 50          | Ca.        | 22     | Nev.         | 0      |      |            |        |       |             |        |
| 51          | Md.        | 21     | Wyo.         | 0      |      |            |        |       |             |        |

SOURCE: Enrollment data from NCES, 1976 Opening, Fall Enrollments;  
Federal Aid data provided by NAICU's State-National Information Network, 8/78.

Prepared: 8/78 - cIcu

# BASIC EDUCATIONAL OPPORTUNITY GRANTS

BEOG

1976-7

## 14 Most Populous States

| Rank<br>First | Government |        | Independent |        | Rank | Government |        | Rank | Independent |        |
|---------------|------------|--------|-------------|--------|------|------------|--------|------|-------------|--------|
|               | State      | \$/FTE | State       | \$/FTE |      | State      | \$/FTE |      | State       | \$/FTE |
| 1             | Miss.      | 340    | Ala.        | 527    | 3    | N.Y.S.     | 265    | 13   | N.C.        | 247    |
| 2             | S.D.       | 282    | Nev.        | 493    | 11   | Minn.      | 182    | 16   | Texas       | 222    |
| 3             | N.Y.S.     | 265    | Miss.       | 491    | 12   | Penn.      | 181    | 18   | Mich.       | 202    |
| 4             | N.Mexico   | 254    | N.Mexico    | 454    | 13   | Fla.       | 177    | 25   | Ill.        | 171    |
| 5             | Ark.       | 252    | N.D.        | 423    | 14   | N.C.       | 174    | 26   | Fla.        | 162    |
|               |            |        |             |        | 16   | N.J.       | 173    | 28   | Minn.       | 152    |
|               |            |        |             |        | 26   | Mass.      | 157    | 29   | Ohio        | 147    |
|               |            |        |             |        | 28   | Mich.      | 149    | 30   | Wisc.       | 144    |
|               | N.Y.S.     | 265    | N.Y.S.      | 139    | 29   | Texas      | 143    | 31   | N.Y.S.      | 139    |
|               | (#3)       |        | (#31)       |        | 30   | Ohio       | 140    | 36   | N.J.        | 131    |
|               |            |        |             |        | 33   | Ill.       | 135    | 37   | Penn.       | 130    |
|               |            |        |             |        | 35   | Wisc.      | 130    | 40   | Cal.        | 116    |
|               |            |        |             |        | 42   | Ind.       | 115    | 41   | Ind.        | 113    |
|               |            |        |             |        | 46   | Cal.       | 103    | 42   | Mass.       | 111    |
| <u>Last</u>   |            |        |             |        |      |            |        |      |             |        |
| 46            | Cal.       | 103    | D.C.        | 92     |      |            |        |      |             |        |
| 47            | Wyo.       | 102    | Colo.       | 87     |      |            |        |      |             |        |
| 48            | Nev.       | 101    | Conn.       | 74     |      |            |        |      |             |        |
| 49            | Wash.      | 96     | Idaho       | 57     |      |            |        |      |             |        |
| 50            | Ha.        | 68     | Utah        | 8      |      |            |        |      |             |        |
| 51            | Alaska     | 48     | Wyo.        | -0-    |      |            |        |      |             |        |

SOURCE: Enrollment data from NCES, 1976 Opening, Fall Enrollments;  
Federal Aid data provided by NAICU's State-National Information Network, 8/78.

Prepared: 8/78 - cIcu

## 1976-7

[illegible]

★ Ha.  
Mont.  
Colo.  
Nev.  
Wyo.

TABLE 4.  
Comparison of Percentage of Total Funding and Percentage  
of Total Enrollment by Size of Student Enrollment  
at Independent Institutions in the State  
Supplemental Educational Opportunity Grants Program  
1976-1977

| States Grouped by Number of Students in<br>the Independent Sector |                   |                         |                     | Total<br>(50 States<br>& D.C.) |
|-------------------------------------------------------------------|-------------------|-------------------------|---------------------|--------------------------------|
|                                                                   | Under 50,000 (36) | 50,000-<br>100,000 (10) | Over<br>100,000 (5) |                                |
| <b>Funding</b>                                                    |                   |                         |                     |                                |
| Amount                                                            | \$30,234,897      | \$23,260,961            | \$26,936,034        | \$80,431,892                   |
| Percentage<br>of Total<br>Funding                                 | 30%               | 39%                     | 47%                 | 37%                            |
| <b>Enrollment</b>                                                 |                   |                         |                     |                                |
| Head-count                                                        | 596,222           | 665,042                 | 1,097,396           | 2,358,660                      |
| Percentage<br>of Total<br>Enrollment                              | 16%               | 22%                     | 27%                 | 21%                            |

Source: Funding data from Robert R. Coates, Chief, Financial Management Section; Division of Program Operations; Office of Education; Department of Health, Education, and Welfare. Enrollment data from "1976 Opening Fall Enrollment in Higher Education -- Final Count," by Andrew J. Pepin; University and College Surveys and Studies Branch; National Center for Education Statistics; Education Division; Department of Health, Education, and Welfare.

Note: Enrollment data does not include institutions whose programs of instruction are less than two years in length.

**Comparison of Percentage of Total Funding and Percentage  
of Total Enrollment by Size of Student Enrollment  
at Independent Institutions in the State**

**College Work-Study Program  
1976-1977**

| States Grouped by Number of Students in<br>the Independent Sector |                   |                         |                     | Total<br>(50 States<br>& D.C. ) |
|-------------------------------------------------------------------|-------------------|-------------------------|---------------------|---------------------------------|
|                                                                   | Under 50,000 (36) | 50,000-<br>100,000 (10) | Over<br>100,000 (5) |                                 |
| <b>Funding</b>                                                    |                   |                         |                     |                                 |
| Amount                                                            | \$40,557,253      | \$33,618,524            | \$42,323,600        | \$116,499,377                   |
| Percentage<br>of Total<br>Funding                                 | 25%               | 33%                     | 36%                 | 30%                             |
| <b>Enrollment</b>                                                 |                   |                         |                     |                                 |
| Head-count                                                        | 596,222           | 665,042                 | 1,097,396           | 2,358,660                       |
| Percentage<br>of Total<br>Enrollment                              | 16%               | 22%                     | 27%                 | 21%                             |

**Source:** Funding data from Robert R. Coates, Chief; Financial Management Section; Division of Program Operations; Office of Education; Department of Health, Education, and Welfare. Enrollment data from "1976 Opening Fall Enrollment in Higher Education -- Final Count," by Andrew J. Pepin; University and College Surveys and Studies Branch; National Center for Education Statistics; Education Division; Department of Health, Education, and Welfare.

**Note:** Enrollment data does not include institutions whose programs of instruction are less than two years in length.

**Comparison of Percentage of Total Funding and Percentage  
of Total Enrollment by Size of Student Enrollment  
at Independent Institutions in the State**

**National Direct Student Loan Program**

**1976-1977**

|                                      | States Grouped by Number of Students in<br>the Independent Sector |                         |                     | Total                  |
|--------------------------------------|-------------------------------------------------------------------|-------------------------|---------------------|------------------------|
|                                      | Under 50,000 (36)                                                 | 50,000-<br>100,000 (10) | Over<br>100,000 (5) | (50 States<br>& D.C. ) |
| <b>Funding</b>                       |                                                                   |                         |                     |                        |
| Amount                               | \$36,857,485                                                      | \$28,475,112            | \$49,870,331        | \$115,202,928          |
| Percentage<br>of Total<br>Funding    | 29%                                                               | 34%                     | 47%                 | 36%                    |
| <b>Enrollment</b>                    |                                                                   |                         |                     |                        |
| Head-count                           | 596,222                                                           | 665,042                 | 1,097,396           | 2,358,660              |
| Percentage<br>of Total<br>Enrollment | 16%                                                               | 22%                     | 27%                 | 21%                    |

**Source:** Funding data from Robert R. Coates, Chief; Financial Management Section; Division of Program Operations; Office of Education; Department of Health, Education, and Welfare. Enrollment data from "1976 Opening Fall Enrollment in Higher Education -- Final Count," by Andrew J. Pepin; University and College Surveys and Studies Branch; National Center for Education Statistics; Education Division; Department of Health, Education, and Welfare.

**Note:** Enrollment data does not include institutions whose programs of instruction are less than two years in length.

Comparison of Percentage of Total Funding and Percentage  
of Total Enrollment by Size of Student Enrollment  
at Independent Institutions in the State  
Basic Educational Opportunity Grant Program  
1976-1977

|                                      | States Grouped by Number of Students in<br>the Independent Sector |                         |                     | Total<br>(50 States<br>& D.C. ) |
|--------------------------------------|-------------------------------------------------------------------|-------------------------|---------------------|---------------------------------|
|                                      | Under 50,000 (36)                                                 | 50,000-<br>100,000 (10) | Over<br>100,000 (5) |                                 |
| <b>Funding</b>                       |                                                                   |                         |                     |                                 |
| Amount                               | \$108,410,007                                                     | \$ 84,931,222           | \$115,348,707       | \$308,689,936                   |
| Percentage<br>of Total<br>Funding    | 20%                                                               | 22%                     | 24%                 | 22%                             |
| <b>Enrollment</b>                    |                                                                   |                         |                     |                                 |
| Head-count                           | 596,222                                                           | 665,042                 | 1,097,396           | 2,358,660                       |
| Percentage<br>of Total<br>Enrollment | 16%                                                               | 22%                     | 27%                 | 21%                             |

Source: Funding data from Institutional Agreement and Authorization Report, September 17, 1977; Bureau of Student Financial Assistance; Office of Education; Department of Health, Education, and Welfare. Enrollment data from "1976 Opening Fall Enrollment in Higher Education -- Final Count," by Andrew J. Pepin; University and College Surveys and Studies Branch; National Center for Education Statistics; Education Division; Department of Health, Education, and Welfare.

Note: Enrollment data does not include institutions whose programs of instruction are less than two years in length.

Comparison of Percentage of Total Funding and Percentage  
of Total Enrollment by Size of Student Enrollment  
at Independent Institutions in the State

State Student Incentive Grant Program  
1976-1977

|                                      | States Grouped by Number of Students in<br>the Independent Sector |                         |                     | Total<br>(50 States<br>& D.C. ) |
|--------------------------------------|-------------------------------------------------------------------|-------------------------|---------------------|---------------------------------|
|                                      | Under 50,000 (36)                                                 | 50,000-<br>100,000 (10) | Over<br>100,000 (5) |                                 |
| Funding                              |                                                                   |                         |                     |                                 |
| Amount                               | \$4,366,655                                                       | \$6,738,744             | \$9,701,971         | \$20,307,370                    |
| Percentage<br>of Total<br>Funding    | 29%                                                               | 56%                     | 59%                 | 48%                             |
| Enrollment                           |                                                                   |                         |                     |                                 |
| Head-count                           | 596,222                                                           | 665,042                 | 1,097,396           | 2,358,660                       |
| Percentage<br>of Total<br>Enrollment | 16%                                                               | 22%                     | 27%                 | 21%                             |

Source: Funding data from State Student Incentive Program; Bureau of Student Financial Assistance; Office of Education; Department of Health, Education, and Welfare. Enrollment data from "1976 Opening Fall Enrollment in Higher Education -- Final Count," by Andrew J. Pepin; University and College Surveys and Studies Branch; National Center for Education Statistics; Education Division; Department of Health, Education, and Welfare.

Note: Enrollment data does not include institutions whose programs of instruction are less than two years in length.

## AGGREGATE

SUPPLEMENTAL EDUCATION OPPORTUNITY GRANT  
 FUNDING BY INSTITUTIONAL CONTROL AND TYPE  
 1977-1978

| Type of Institution    | Number of Institutions | Percent of Total | Total Allocation | Percent of Total |
|------------------------|------------------------|------------------|------------------|------------------|
| Public                 | 1,286                  | 35%              | \$134,646,960    | 54%              |
| Universities           | 341                    | 27               | 81,814,633       | 61               |
| Other Four-Year        | 159                    | 12               | 18,535,086       | 14               |
| Two-Year               | 663                    | 52               | 31,729,307       | 24               |
| Vocational - Technical | 123                    | 10               | 2,567,934        | 2                |
| Private                | 1,281                  | 35%              | \$ 93,458,824    | 37%              |
| Universities           | 308                    | 24               | 40,688,228       | 44               |
| Other Four-Year        | 715                    | 56               | 45,640,810       | 49               |
| Two-Year               | 258                    | 20               | 7,129,786        | 8                |
| Proprietary            | 1,108                  | 30%              | \$ 21,862,750    | 9%               |
| TOTAL                  | 3,675                  | 100%             | \$249,968,534    | 100%             |

Variations from 100% are due to rounding.

Source: Data from Robert R. Coates, Chief, Financial Management Section  
 Division of Program Operations, Office of Education, Department  
 of Health, Education and Welfare.

## AGGREGATE

COLLEGE WORK STUDY FUNDING BY  
INSTITUTIONAL CONTROL AND TYPE  
1976-1977

| Type of Institution    | Number of Institutions | Percent of Total | Total Allocation | Percent of Total |
|------------------------|------------------------|------------------|------------------|------------------|
| Public                 | 1,462                  | 45%              | \$263,312,076    | 68%              |
| Universities           | 363                    | 25               | 152,089,938      | 58               |
| Other Four-Year        | 159                    | 11               | 30,473,472       | 12               |
| Two-Year               | 738                    | 50               | 71,991,334       | 27               |
| Vocational - Technical | 202                    | 14               | 8,757,332        | 3                |
| Private                | 1,408                  | 43%              | \$118,998,255    | 31%              |
| Universities           | 403                    | 29               | 54,244,048       | 46               |
| Other Four-Year        | 737                    | 52               | 54,909,377       | 46               |
| Two-Year               | 268                    | 19               | 9,844,830        | 8                |
| Proprietary            | 392                    | 12%              | \$ 6,988,054     | 2%               |
| TOTAL                  | 3,262                  | 100%             | \$389,298,385    | 101%             |

Variations from 100% are due to rounding.

Source: Data from Robert R. Coates, Chief, Financial Management Section  
Division of Program Operations, Office of Education, Department  
of Health, Education and Welfare.

NATIONAL DIRECT STUDENT LOAN  
FUNDING BY INSTITUTIONAL CONTROL AND TYPE

1976-1977

| Type of Institution    | Number of Institutions | Percent of Total | Total Allocation | Percent of Total |
|------------------------|------------------------|------------------|------------------|------------------|
| Public                 | 896                    | 30%              | \$160,285,620    | 50%              |
| Universities           | 324                    | 36               | 118,582,386      | 74               |
| Other Four-Year        | 130                    | 15               | 17,728,410       | 11               |
| Two-Year               | 404                    | 45               | 22,831,340       | 14               |
| Vocational - Technical | 38                     | 4                | 1,143,484        | 1                |
| Private                | 1,139                  | 39%              | \$118,024,860    | 37%              |
| Universities           | 342                    | 30               | 66,569,083       | 56               |
| Other Four-Year        | 633                    | 56               | 46,174,215       | 39               |
| Two-Year               | 164                    | 14               | 5,281,562        | 4                |
| Proprietary            | 904                    | 31%              | \$ 42,688,155    | 14%              |
| TOTAL                  | 2,939                  | 100%             | \$320,998,635    | 101%             |

Variations from 100% are due to rounding.

Source: Data from Robert R. Coates, Chief, Financial Management Section  
Division of Program Operations, Office of Education, Department  
of Health, Education and Welfare.



Commission on Independent Colleges and Universities

(518) 436-4781

37 Elk Street, Albany, New York 12224

Office of the President

30 August 1978

Mr. Gregory Fusco  
 Minority Staff  
 Subcommittee for Education, Arts  
 and Humanities  
 Room 4222, Dirksen Building  
 Washington, D.C. 20510

Dear Greg:

Enclosed is a copy of the telegram we sent to Mary Berry urging no change in the formula from the 1978-79 student aid regulations until we could more clearly ascertain impact. You will note in the same telegram we point out that Mr. Kornfeld of OE has met with the other sectors of higher education in New York State but has neglected to consult with us regarding proposed changes.

We recently received from NAICU a comparison of 1976-7 funding of the various federal student aid programs by state. We translated total enrollments which NAICU used into FTEs. Using either measure, it is very clear that New York State independent sector students and institutions are flagrantly shortchanged in virtually all of the federal programs. Let me give you some specifics.

In BEOG the New York State independent sector ranks 31st among the fifty states with \$139 per FTE student. The government sector (SUNY/CUNY) institutions in New York together rank 3rd for a BEOG payout of \$265 per FTE. In order of ranking, the first five states in the independent sector were:

|              |               |
|--------------|---------------|
| Alabama      | \$527 per FTE |
| Nevada       | 493           |
| Mississippi  | 491           |
| New Mexico   | 454           |
| North Dakota | 422           |

On the government sector side, the first five states were:

|              |               |
|--------------|---------------|
| Mississippi  | \$340 per FTE |
| South Dakota | 282           |
| New York     | 265           |
| New Mexico   | 254           |
| Arkansas     | 252           |

CICU

Mr. Gregory Fusco  
30 August 1978  
Page 2

Given the large number of very poor students at CUNY I can understand the difference in sectoral ranking for New York State, although I would never expect it to be quite as marked as the figures show since our student income profile is virtually identical to the State University.

Now let us turn to the federal programs which are supposed to be of particular advantage to the independent sector. In SEOG New York ranks 45th with \$25 per FTE payout. SUNY and CUNY together rank 16th with \$29 per FTE payout. The first five states in the independent sector are:

|                              |               |
|------------------------------|---------------|
| North Dakota                 | \$213 per FTE |
| New Mexico                   | 196           |
| Alabama                      | 99            |
| Maine                        | 96            |
| Mississippi/<br>South Dakota | 92            |

The first five states in the government sector for SEOG are:

|                      |               |
|----------------------|---------------|
| Maine                | \$155 per FTE |
| Vermont              | 127           |
| District of Columbia | 111           |
| New Hampshire        | 65            |
| North Dakota         | 61            |

College Work Study money distributions also show New York State independent sector institutions lagging far behind. We rank 44th with an FTE payout of \$39. Government sector institutions in New York rank 33rd with an FTE payout of \$41. The first five states in the independent sector are:

|              |               |
|--------------|---------------|
| North Dakota | \$244 per FTE |
| New Mexico   | 176           |
| Mississippi  | 173           |
| Kentucky     | 143           |
| Florida      | 130           |

The first five states in the government sector are:

|                      |               |
|----------------------|---------------|
| Vermont              | \$192 per FTE |
| Maine                | 182           |
| District of Columbia | 120           |
| New Hampshire        | 118           |
| South Dakota         | 116           |

CICU

Mr. Gregory Fusco  
30 August 1978  
Page 3

Given New York's sorry status under the existing programs, I can understand why so many of our campuses are uneasy about OE changing the formulations. It also makes understandable the general disenchantment in New York's independent sector with federal student aid programs and the attractiveness of tuition tax credit legislation among our constituents.

I would very much appreciate your office looking into this so that we may perhaps be able to devise changes in the federal regulations that are not as discriminatory against New York as the present system.

Sincerely,



Henry D. Paley

HDP/r1  
Encl.



Commission on Independent Colleges and Universities  
(516) 436-4781 37 Elm Street, Albany, New York 12224

NIGHT LETTER (CONFIRMATION COPY OF LETTER TO BERRY ONLY PLEASE)

Dr. Mary Berry  
Assistant Secretary  
Department of Health, Education and Welfare  
Education Division  
400 Maryland Avenue, S.W.  
Washington, D. C. 20202

UNDERSTAND PROPOSED REGULATIONS FOR CAMPUS BASED STUDENT AID PROGRAMS WILL APPEAR IN SEPTEMBER 1 FEDERAL REGISTER WITH ACTUAL APPLICATIONS MAILED TO CAMPUSES SEPTEMBER 5. IMPACT OF NEW FORMULAS, EVEN AFTER SIMULATION STUDIES, LEAVES UNCLEAR THE EFFECT THEY WILL HAVE UPON DISTRIBUTION OF FEDERAL FUNDS.

NEW YORK STATE INDEPENDENT COLLEGES ARE PRESENTLY GROSSLY SHORTCHANGED BY SEOG AND CWS DISTRIBUTION FORMULAS. PROPOSED CHANGES MAY EXACERBATE THAT INEQUITY. OE ADMINISTRATOR LEO KORNFELD HAS IGNORED INDEPENDENT SECTOR INSTITUTIONS IN NEW YORK STATE, WHICH CONSTITUTE MORE THAN 40% OF STUDENT ENROLLMENT HERE. HE HAS MET IN NEW YORK CITY TO DISCUSS RELATIONSHIPS OF FEDERAL AND STATE STUDENT AID PROGRAMS WITH REPRESENTATIVES OF GOVERNMENT UNIVERSITIES AND STATE GOVERNMENT WITHOUT INVITING REPRESENTATIVES OF OUR SECTOR TO PARTICIPATE.

UNDER MR. KORNFELD'S PLAN, OUR INSTITUTIONS WILL BE COMPELLED TO COMPLETE APPLICATIONS FOR FEDERAL FUNDS WITHOUT KNOWING RAMIFICATIONS OF PROPOSED FORMULAS. WE STRONGLY URGE THAT 1978-79 STATUS QUO BE MAINTAINED, ALLOWING ALL CONSTITUENCIES NECESSARY TIME TO ANALYZE NEW REGULATIONS. INFORMED DECISIONS BY PARTICIPATING INSTITUTIONS CAN ONLY BE OBTAINED THROUGH OPEN COMMUNICATION. COPIES OF THIS WIRE ARE BEING SENT TO NEW YORK CONGRESSIONAL DELEGATION.  
Signed,  
Henry D. Paley, President, Commission on Independent Colleges & Univ.  
cc: New York Congressional Delegation

Senator PELL. The subcommittee is adjourned.  
[Whereupon, at 2:50 p.m., the subcommittee was adjourned.]

○